

8231. By Mr. CRAIL: Petition of many employees of the Fireman's Fund Insurance Co. of California, urging that partisan politics and selfish interests be set aside and that nothing be allowed to stand in the way of the adoption of a constructive program for the solution of the Nation's financial problem; to the Committee on Ways and Means.

8232. Also, petition of depositors of the Guaranty Building and Loan Association of Los Angeles, requesting that the United States Government appoint a commission to conduct an independent investigation of the affairs of the Guaranty Building and Loan Association of Los Angeles failure; to the Committee on the Judiciary.

8233. Also, petition of Arthur H. Hill, of San Diego, Calif., proposing to Congress a new calendar for the world and suggesting a remedy for world-wide depression; to the Committee on Ways and Means.

8234. By Mr. HART: Petition of citizens of Gratiot, Montcalm, Saginaw, and Clinton Counties, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

8235. By Mr. LINDSAY: Petition of United States Building and Loan League, Springfield, Ill., favoring the home loan bank bill; to the Committee on Banking and Currency.

8236. By Mr. PERSON: Petition of 108 citizens of Detroit, Mich., and vicinity, favoring the enactment of legislation to curb the activities of the chain-store system; to the Committee on Interstate and Foreign Commerce.

8237. By Mr. RAINEY. Petition of Roy P. Goben and 60 citizens of Havana, Ill., favoring immediate cash payment of the bonus; to the Committee on Ways and Means.

8238. By Mr. RUDD: Petition of the Merchants' Association of New York, opposing the payment of the soldiers' adjusted-service certificates; to the Committee on Ways and Means.

8239. By Mr. SCHNEIDER: Petition of citizens of Forest County, Wis., favoring the maintenance of the prohibition law and its enforcement, and against any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

8240. By Mr. WYANT: Petition of Kiwanis Club of Monessen, Pa., opposing salary reductions of Government employees; to the Committee on Ways and Means.

8241. By the SPEAKER: Petition of Henry Woodhouse, president of the Aerial League of America; to the Committee on Public Buildings and Grounds.

8242. Also, petition of Minnesota Taxpayers Association, protesting against the passage of huge spending bills now under consideration in Congress; to the Committee on Ways and Means.

## SENATE

FRIDAY, JUNE 10, 1932

(Legislative day of Wednesday, June 8, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cohen	Hayden	Norbeck
Austin	Connally	Hebert	Norris
Bailey	Coolidge	Howell	Nye
Bankhead	Costigan	Hull	Oddie
Barbour	Couzens	Johnson	Patterson
Barkley	Cutting	Jones	Pittman
Bingham	Dale	Kean	Reed
Blaine	Davis	Kendrick	Robinson, Ark.
Borah	Dill	Keyes	Robinson, Ind.
Bratton	Fletcher	King	Schall
Brookhart	Frazier	La Follette	Sheppard
Broussard	George	Lewis	Shipstead
Bulkley	Gore	Logan	Shortridge
Bulow	Hale	McGill	Smith
Byrnes	Harrison	McKellar	Smoot
Capper	Hastings	McNary	Steiwer
Caraway	Hatfield	Metcalf	Thomas, Idaho
Carey	Hawes	Moses	Thomas, Okla.

Townsend	Vandenberg	Walsh, Mass.	Wheeler
Trammell	Wagner	Walsh, Mont.	White
Tydings	Walcott	Watson	

The PRESIDENT pro tempore. Eighty-three Senators have answered to their names. A quorum is present. The Senate resumes the consideration of the conference report.

### AGRICULTURAL DEPARTMENT APPROPRIATIONS—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7912) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the report of the conference committee.

The report, submitted by Mr. McNARY April 4 (calendar day April 5), 1932, was agreed to, and it is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7912) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 41, 45, 47, 62, 63, 64, 65, 66, 74, and 75.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 4, 5, 7, 8, 10, 12, 18, 19, 20, 23, 24, 25, 26, 27, 28, 43, 44, 49, 50, 51, 52, 54, 55, 57, 58, 59, 60, 70, 71, 72, 73, 79, and 81, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows:

"Public Resolution No. 9, Fifty-eighth Congress, first session, approved March 14, 1904 (U. S. C., title 44, sec. 290), is hereby amended by striking out all after the resolving clause and inserting in lieu thereof the following:"

And the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$2,503,218"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$4,164,038"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$1,631,360"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$699,079"; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$683,599"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$892,145"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$1,201,661"; and the Senate agree to the same.



Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$1,217,687"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$544,940"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$133,284"; and the Senate agree to the same.

Amendment numbered 39: That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$127,489"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40 and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$7,131,244"; and the Senate agree to the same.

Amendment numbered 42: That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$1,019,640"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$10,491,764"; and the Senate agree to the same.

Amendment numbered 48: That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$12,383,304"; and the Senate agree to the same.

Amendment numbered 78: That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows:

"*Provided further*, That no part of any money appropriated by this act shall be used for purchasing any motor-propelled passenger-carrying vehicle (except busses and station wagons) at a cost, completely equipped for operation, in excess of \$750, except where, in the judgment of the department, special requirements can not thus be efficiently met, such exceptions, however, to be limited to not to exceed 10 per cent of the total expenditures for such motor vehicles purchased during the fiscal year; including the value of a vehicle exchanged where exchange is involved; nor shall any money appropriated herein be used for maintaining, driving, or operating any Government-owned motor-propelled passenger-carrying vehicle not used exclusively for official purposes; and 'official purposes' shall not include the transportation of officers and employees between their domiciles and places of employment except in cases of officers and employees engaged in field work the character of whose duties makes such transportation necessary and then only when the same is approved by the head of the department. The limitations of this proviso shall not apply to any motor vehicle for official use of the Secretary of Agriculture."

And the Senate agree to the same.

Amendment numbered 80: That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows:

"Sec. 3. No appropriation under the Department of Agriculture available during the fiscal years 1932 and/or 1933 shall be used after the date of the approval of this act to

pay the compensation of an incumbent appointed to any position under the Federal Government which is vacant on the date of the approval of this act or to any such position which may become vacant after such date: *Provided*, That this inhibition shall not apply (a) to absolutely essential positions, the filling of which may be authorized or approved in writing by the President of the United States, either individually or in groups, or (b) to temporary, emergency, seasonal, and cooperative positions. The appropriations or portions of appropriations unexpended by the operation of this section shall not be used for any other purposes but shall be impounded and returned to the Treasury, and a report of all such vacancies, the number thereof filled, and the amounts unexpended for the period between the date of the approval of this act and October 31, 1932, shall be submitted to Congress on the first day of the next regular session: *Provided*, That such impounding of funds may be waived in writing by the President of the United States in connection with any appropriation or portion of appropriation, when, in his judgment, such action is necessary and in the public interest."

And the Senate agree to the same.

The committee of conference have not agreed on amendments numbered 6, 13, 14, 15, 16, 17, 21, 22, 29, 30, 53, 56, 61, 67, 68-69, 76, 77, and 82.

CHAS. L. McNARY,  
W. L. JONES,  
HENRY W. KEYES,  
JOHN B. KENDRICK,

*Managers on the part of the Senate.*

J. P. BUCHANAN,  
JOHN N. SANDLIN,  
ROBT. G. SIMMONS,

*Managers on the part of the House.*

#### PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate a resolution adopted by the Board of Aldermen of New York City, N. Y., favoring the passage of legislation providing a bond issue to finance construction of public works and such other undertakings as will provide employment under the present economic conditions, which was ordered to lie on the table.

Mr. DILL. Mr. President, I present petitions from sundry citizens of Bremerton, Wash., praying for the passage of legislation providing a \$5,000,000,000 public-improvement bond issue so as to relieve the unemployment situation, which I ask may be appropriately referred.

The PRESIDENT pro tempore. The petitions will lie on the table.

Mr. ASHURST presented a telegram in the nature of a memorial from Occa Freeman, Department Auxiliary, president of Arizona U. S. W. V., Bisbee, Ariz., remonstrating against inclusion of the so-called pauper clause and the reduction of pensions of certain veterans in pending legislation, which was ordered to lie on the table.

Mr. BARBOUR presented the following concurrent resolution of the Legislature of the State of New Jersey, which was ordered to lie on the table:

#### THE ONE HUNDRED AND FIFTY-SIXTH LEGISLATURE OF THE STATE OF NEW JERSEY

Senate concurrent resolution adopted by the senate on February 1, 1932; adopted by the house of assembly on June 1, 1932.

Whereas the platform of the two great political parties of this Nation advocate the maintenance of an adequate system of national defense; and

Whereas the people of New Jersey have ever been in the front ranks when the safety of this Nation has been endangered; and

Whereas the National Guard and Organized Reserve will, in case of a national emergency constitute by far the largest components of the Army of the United States, and should, therefore, receive proper training and equipment; and

Whereas the National Guard Association of the United States and the Reserve Officers' Association of the United States, a patriotic body of citizens of whom the great majority have had active service in the Army of the United States during the late war, have requested the Committee on Appropriations of the House of Representatives and the Senate of the Congress of the United States to appropriate sufficient funds to carry out the training



of the National Guard and Organized Reserve for the fiscal year 1933: Then

Be it resolved by the Senate of the State of New Jersey (the House of Assembly concurring), That the Congress be, and it hereby is, requested to appropriate sufficient funds to carry out the provisions of the national defense act of 1920 and its accompanying legislation so that the program of the War Department for the proper support of the Regular Army, the National Guard, and Organized Reserve may be effectively carried out;

Be it further resolved, That the secretary of the senate is hereby instructed to forward certified copies of this resolution, signed by the president and secretary of the senate and the speaker and clerk of the house to the following: The President of the United States, the United States Senate, the House of Representatives, the Senators and Members of Congress from the State of New Jersey.

A. C. REEVES,  
President of the Senate.

Attest:

A. F. VAN CAMP,  
Secretary of the Senate.

JOSEPH GREENBERG,  
Speaker of the House of Assembly.

Attest:

LOUIS WEISS,  
Clerk of the House of Assembly.

#### TARIFF ON COPPER

Mr. HAYDEN. Mr. President, I send to the desk and ask to have read a telegram from the mayors of two cities of Arizona relative to the tariff on copper recently approved by the Congress.

The PRESIDENT pro tempore. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

GLOBE, ARIZ., June 8, 1932.

HON. CARL HAYDEN,

Member of United States Senate, Washington:

Will you kindly express to Members of the United States Senate the heart-felt gratitude of the citizens of the Globe-Miami district for the action of your body in including a duty on copper in the tax and revenue bill, thereby saving this community, once the greatest copper-producing district in the world, from extinction.

ARTHUR TURNER,  
Mayor of Miami.  
W. A. SAWYER,  
Mayor of Globe.

#### INEQUALITY OF TARIFF ON REFINED SUGAR

Mr. WALSH of Massachusetts. Mr. President, as illustrative of some of the inequalities in the Smoot-Hawley tariff bill, I would like to have a letter from the employees of the Revere Sugar Refinery, similar to many other letters from this industry, printed in the RECORD and referred to the Finance Committee. Before sending it to the desk for that purpose, however, I would like to quote two paragraphs from the letter:

Now we find, under the present law, that the duty on imported raw sugar, when applied to the finished product, is greater than the duty on sugar if imported in refined form. Quick to take advantage of this loophole, refineries have been built in the tropical countries, where wages and living conditions do not approach our own hard-won American standards, and the sugar is being dumped into the United States. In other words, the dual advantage of peon labor and lower rate of duty allows these foreign refiners to cut under the cost price of the American finished product.

These facts are substantiated by figures compiled by our Government, which show that in 1925 there was practically no refined sugar imported into the United States, and that since importations have increased until in the one week ending May 21, 1932, 25,000,000 pounds of refined were dumped into the country. If this keeps up the domestic sugar refining industry faces extermination.

I hope the United States Tariff Commission, before whom an investigation is pending, may take notice of this serious inequality.

There being no objection, the letter was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

MUTUAL BENEFIT ASSOCIATION OF REVERE  
SUGAR REFINERY EMPLOYEES,  
Charlestown, Mass., June 8, 1932.

HON. DAVID I. WALSH,

United States Senator, Senate Office Building,  
Washington, D. C.

DEAR SENATOR WALSH: We are taking the liberty of addressing you on behalf of 500 to 600 employees of the Revere Sugar Refinery,

situated in Charlestown, Mass. Many of these men are residents of your district and your constituents.

A situation has arisen in the sugar-refining industry of the United States which is without precedent and which threatens the means of livelihood of every man engaged in the business of refining sugar in America. Peculiarly, this situation has come about through a loophole in the tariff laws of the country, which amounts practically to a subsidy for foreign refined sugars.

As you are undoubtedly aware, the bulk of the sugar supply of this country originates in Cuba. For centuries this product has been brought into the United States in its raw state and refined at strategically located refineries along the Atlantic seaboard. These refineries are models of American industry and efficiency. No finer food plants, from the standpoint of protection of the community health, can be found anywhere in the world. They employ American citizens at a wage commensurate with American standards of living and purchase American-produced supplies. The investment of capital in these plants and their equipment is colossal. Raw sugar under every tariff law has always paid a very high rate of duty.

Now, we find under the present law that the duty on imported raw sugar, when applied to the finished product, is greater than the duty on sugar if imported in refined form. Quick to take advantage of this loophole refineries have been built in the tropical countries where wages and living conditions do not approach our own hard-won American standards, and the sugar is being dumped into the United States. In other words, the dual advantage of "peon" labor and lower rate of duty allows these foreign refineries to cut under the cost price of the American finished product.

These facts are substantiated by figures compiled by our Government, which show that in 1925 there was practically no refined sugar imported into the United States, and that since importations have increased until in the one week ending May 21, 1932, 25,000,000 pounds of refined were dumped into the country. If this keeps up, the domestic sugar-refining industry faces extermination.

Just for a moment let us look at the matter from a personal standpoint. Every home in the United States uses refined sugar. It is a food product which has more "good will" than any other made. You never question the quality of the sugar you habitually purchase at the store. Why? Because for centuries sugar has been refined under the most careful supervision and strictest regulation until the confidence of the public in its purity is as steadfast as is humanly possible. Sugar refined in foreign countries without the public-protecting Government health and pure food laws can not be looked upon with any such confidence.

What, then, is the answer to this problem? In order for the American sugar-refining industry to survive, in order for it to continue to maintain its standard of wages, in order for the men to keep above the class of peons or slaves we must have a higher tariff on refined sugars.

We, therefore, respectfully petition you as a representative of the people of Massachusetts to initiate, foster, and aid either in Congress or before the Tariff Commission a change in the tariff with a view to immediately exterminating this menace.

Yours very truly,

THOMAS W. TIPPING.  
JUSTIN B. CRONIN, Secretary.  
THOMAS TIPPING, President.

#### POST OFFICE AT BESSEMER, MICH.

Mr. VANDENBERG. Mr. President, I present a self-explanatory and patriotic telegram from Bessemer, Mich., which I ask may be printed in the RECORD and appropriately referred.

There being no objection, the telegram was referred to the Committee on Banking and Currency and ordered to lie on the table, as follows:

BESSEMER, MICH., June 9, 1932.

Senator A. H. VANDENBERG,

Washington, D. C.:

Do not approve "pork-barrel" legislation appropriating moneys for Bessemer post office.

BESSEMER BUSINESS MEN'S ASSOCIATION,  
C. R. DUDA, Secretary.

#### PLANT QUARANTINE

Mr. BARBOUR presented a letter from the Secretary of Agriculture relative to the matter of plant quarantine, which was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,  
Washington, June 7, 1932.

HON. W. WARREN BARBOUR,

United States Senate.

DEAR SENATOR BARBOUR: I have for acknowledgment your letter of May 5, with which you transmitted the statement on the principles and procedure in plant quarantine prepared and indorsed by the agricultural and horticultural interests of New Jersey.

The introduction to the statement indicates that the purpose of the statement is to endeavor to clarify the national policy on quarantines and to present a constructive method of operation. It is further noted that the announcement suggests that the problem



should be considered from a long-time viewpoint, and the statement is designed to lay the groundwork for a new viewpoint on the whole subject of plant quarantine.

This indication of your interest in the subject of plant quarantine is appreciated, and we very largely indorse your entire statement. It represents substantially the present practice in the department, and the principles it outlines have been frequently discussed and indorsed at meetings of scientific workers of this department and of the various States in recent years. The indorsement of these policies by the New Jersey delegation in Congress is pleasing.

Paragraph 1. The nature of a quarantine: Quotes from a preliminary statement on quarantine principles prepared by the National Plant Board. The statement on quarantine principles as finally adopted by the National Plant Board was prepared and approved by the plant-quarantine officials of the various States of the United States after consultation with the regulatory officials of the United States Department of Agriculture. The statement before issuance was reviewed by the Plant Quarantine and Control Administration of this department, hence is something we are in entire sympathy with. However, your delegation knows full well that it is a comparatively simple matter to compose a statement of general policy. When, however, such a policy has been outlined, the real accomplishment is to bring into harmony with that policy all the various angles and ramifications of a problem so complex as the regulation of the agricultural imports into this country from all foreign countries and the regulation of those commodities which must be regulated to prevent the spread of injurious pests in this country. This is more or less of a constant problem, but we believe it is being satisfactorily met as complications arise from time to time, as they inevitably must and will. Naturally, we bring to the solution of these problems all the advice and information available from trade interests and specialists outside the department in addition to the information available in the department.

Paragraph 2. Amendment of the plant quarantine act of August 20, 1912: Proposes that the fundamental quarantine act of 1912 be amended in such a way as to require the United States Secretary of Agriculture to cause a determination to be made of the prospective benefits of the proposed quarantine and the prospective damages accruing by reason of its action and to place the said proposed quarantine only in case the prospective benefits to the country far outweigh the prospective damages.

Precisely the thing sought by the proposed amendment now exists in section 8 of the plant quarantine act. This section makes it the duty of the Secretary of Agriculture to determine the need for any quarantine; it directs him, if the public interests permit, to establish rules and regulations pertaining to that quarantine, and it requires him to give advance notice of and to hold a public hearing where all interested parties may be heard before he shall promulgate such a quarantine.

No quarantine has been placed by the Federal Government without a public hearing and without fully considering the prospective benefits of the proposed quarantine and the prospective damages. Since the plant quarantine act, as at present constituted, provides for everything that is suggested in the proposed amendment to the plant quarantine act, it would seem that no amendment is necessary.

Paragraph 2 of the statement further says that "it is our firm conviction that some quarantines have been laid in the past and are therefore likely to be laid in the future, which involve more injury to the country's business than any benefit derived from them." Of course, no such firm conviction could prevail unless there was in mind some specific example of a quarantine which involved more injury to the country's business than any benefit derived from it, and a reference to some specific example of such a quarantine would provide an opportunity to study this paragraph with better understanding.

Paragraph 3. Restriction on interstate movement a Federal function: Expresses the belief that "where restrictions on the movement of plants and plant products are to be placed and enforced for the purpose of preventing or delaying spread of injurious insects and plant diseases, new to and not heretofore distributed in the United States, it is the firm conviction that such restriction should be placed, enforced, and financed by the Federal Government, because any attempt to restrict interstate commerce of this sort by State action is bound to be chaotic and the benefits derived from such restrictions by the Federal Government are enjoyed by that section of the United States outside of the infested zone."

This should doubtless be interpreted to mean that States should be denied the right to place restrictions on the interstate movement of products because of possible spread of insect pests and plant diseases. Irrespective of any opinion which might be held by the department on this point, the amendment of April 13, 1926, to section 8 of the plant quarantine act provides that "until the Secretary of Agriculture shall have made a determination that such a quarantine is necessary and has duly established the same with reference to any dangerous plant disease or insect infestation, as herein above provided, nothing in this act shall be construed to prevent any State, Territory, insular possession or district from promulgating, enacting, and enforcing any quarantine prohibiting or restricting the transportation of any class of nursery stock, plant, fruit, seed, or other product or article subject to the restrictions of this section into or through such State, Territory, District, or portion thereof from any other State, Territory, District, or portion thereof when it shall be found by the State, Territory, or District promulgating or enacting the same that such dangerous plant

disease or insect infestation exists in such other State, Territory, District, or portion thereof."

The power to protect themselves by State quarantine was found by the courts to have been taken away from the States by the plant quarantine act. This power as to diseases and pests not covered by a Federal quarantine was restored by the amendment above quoted, which was sought by many of the States, and it is believed that those same States would vigorously oppose the surrender or abrogation of that power.

It is difficult for me to believe that the agricultural and horticultural interests of New Jersey really intended to propose and recommend that States should be denied the right to place such restrictions on the interstate movement of products as might be necessary in order to protect their territory against the introduction of insect pests and plant diseases. The State of New Jersey, in cooperation with this department, has at much expense and effort, and largely for the protection of its own forested regions, been engaged for about 10 years in the eradication of an outbreak of gypsy moth. This work has apparently reached a successful conclusion. The insect, however, is still strongly established over large areas in New England.

If through the failure of an appropriation measure or otherwise the Federal Government at some future time should be unable to carry out the necessary protective measures in New England to prevent the spread of this pest, I am sure those responsible for the agricultural and forest interests of New Jersey would not want to find themselves helpless on account of Federal legislation and unable to take any legal measures to prevent the reintroduction of this insect into New Jersey. Should the suggestion, however, that States be denied the right to place interstate quarantines be met by favorable congressional action, it seems unlikely that Congress would deprive the States of the power to protect themselves and at the same time withhold funds to permit a similar degree of protection to the States from the Federal Government.

The department is not in possession of information at this time to indicate that the existing State quarantines are unnecessary, at least from the standpoint of uninfested States. Therefore, to comply with the thought expressed in this paragraph would mean the appropriation of a tremendous amount of money. It has been the belief of the department that where one or two States, or a small group of States, may be uninfested it is more economical and just as effective and reasonable for these one or two States or few States to enforce an embargo or a restrictive quarantine against the infested States or areas of the country than it would be for the Federal Government to attempt to enforce a quarantine over a great area for the protection of a small uninfested area. Hence the department approved the amendment to the plant quarantine act which restored to the States on April 13, 1926, the power to place interstate quarantines in the absence of action by the Secretary of Agriculture. The right of States to protect themselves from pest introduction whenever such protection is not afforded by the Federal Government is an important power and one which many of the States will undoubtedly jealously guard.

Paragraph 4. Suppression as a means of preventing spread of a Federal function: Points out that, in addition to the cost of Federal quarantine enforcement when suppression measures are to be undertaken within the limit of any State for the purpose of preventing or delaying spread into outside areas, the cost of such measures should be borne by the Federal Government.

We are in full sympathy with this principle. In practice, of course, suppressive measures almost invariably benefit both the infested and the noninfested State. While a rigorous distinction can not be made between expenditures primarily directed to the protection of outside areas and those intended to benefit the infested territory, the principle of such a separation, so far as the amount can be determined, has been consistently followed. In the eradication of the Mediterranean fruit fly in Florida, for example, the Federal Government spent \$6,710,411, while the State of Florida spent \$378,768.68. In the eradication of the pink bollworm in sections of Texas, Louisiana, and Arizona, while the States participated in the payment of reimbursement to farmers for losses incurred through the enforced nonproduction of cotton, the Federal Government paid almost the entire cost of cleaning up the fields and suppressing the insect. In the eradication of the date palm scale in California and Arizona, until comparatively recently, the Federal Government has provided all the funds for the clean-up work. In the eradication of the Mexican fruit fly in the Rio Grande Valley of Texas the Federal Government has paid for almost all the clean-up work. In the maintenance of the Barrier Zone between the gypsy-moth-infested area in New England and New York the Federal Government has spent a large proportion of the money for cleaning up and preventing spread west of this zone. In eradicating the gypsy moth in the State of New Jersey the Federal Government contributed appreciably to the expense of eradication, although New Jersey, as a matter of protection to herself, did contribute quite heavily also to this campaign. In clean-up and control measures against the European corn borer the Federal Government has spent far more than have the States in control measures.

It is assumed that this paragraph may refer to such problems as the certification of nursery stock out of the State of New Jersey in the enforcement of the Japanese beetle quarantine. The State of New Jersey contributes to this inspection of nurseries and certification of plants for movement outside the quarantined area. This paragraph may have been meant to suggest that this expense should have been borne by the Federal Government; however, we believe that it is the duty of the people in an in-



infested area to place their products in such condition as to render them not dangerous to uninfested areas in other parts of the country. Therefore the inspection and certification work being necessary to the movement of New Jersey products should be supported financially by the State of New Jersey.

Paragraph 5. Suppression as a means of protecting infested territory a State function: Announces the belief of your delegation that suppression of injurious insects or plant diseases whether new or not heretofore widely distributed in the United States or old and widely distributed in the United States, in so far as this said suppression applies to the protection of the States or infested territory, should be carried on and financed by the State itself. Certainly, there can be no quarrel on this point.

Paragraph 6. Federal quarantine and suppression efforts within a State should involve cooperative understanding: Announces that all quarantine enforcement and all suppression undertaken by the Federal Government within the limits of a State should be carried out on the basis of a cooperative understanding between the Federal Government and the State Government.

We can agree with this principle. No other arrangement could satisfactorily prevail and no other arrangement has prevailed in the past. In many instances in which infested areas occupy only parts of certain States, the Federal Government would have no authority to enforce quarantine lines without State cooperation. Even where infestations occupy entire States and cooperation with the States might perhaps not be legally essential, the department has always worked in close direct touch with the plant-quarantine officials of the States concerned. In fact the department has no knowledge of any instance where quarantine work has been done in a State without a full understanding with the State involved.

Paragraph 7. Position with regard to present plant quarantines: States that so far as quarantines now in effect are concerned on account of insect or fungous pests, the gradual abandonment of these quarantines is favored except where it has been demonstrated that spread can be definitely controlled by regulatory measures, and such abandonment or comprehensive revision of regulations pertaining to quarantines now in effect should be carried out only upon the basis of a studied policy in the formation of which all interests affected have been consulted.

This has been, is now, and will continue to be the policy of the department. Public hearings are held before a quarantine is put into effect as required by law. Public conferences or hearings are held when removal of a quarantine is contemplated at which time all interests affected are consulted and given an opportunity to be heard, not because it is required by law, but because it is only fair, just, and sensible.

Paragraph 8. Position with regard to the extermination of new pests is as follows: "When the Japanese beetle was first found in 1916 it covered an area of not more than 1 square mile. It is entirely probable that if adequate funds had been available this insect might have been wiped out and large succeeding expenditures avoided. This is only one instance, of which there have been a number in the past and doubtless will be a number in the future, where prompt action with adequate funds might have effected tremendous future savings. It is therefore our firm conviction that measures should be taken and moneys appropriated, making it possible to exterminate the injurious insect or plant disease if when first found such procedure seems practical."

Here we are urged to immediately undertake extermination measures when an insect is first found in this country. This paragraph apparently contemplates the making available of what might be termed an emergency fund so that such action can be promptly undertaken when necessity arises. Whereas paragraph 2 insists that the Secretary of Agriculture before placing a quarantine must cause determination to be made of the prospective benefits of the proposed quarantine and the prospective damages accruing by reason of its action, and to place the said proposed quarantine only in case the prospective benefits to the country far outweigh the prospective damages, paragraph 8 insists that when an insect is found, eradication measures should be immediately undertaken if such procedure seems practical. Since eradication measures involve the promulgation and enforcement of a quarantine, it is just a little bit hard to reconcile the principle expressed in paragraph 2 with that expressed in paragraph 8.

When the Japanese beetle was first found in the United States it could not on the basis of its history in Japan be classed as an especially injurious insect. The provisions of your paragraph 2 could not have been literally followed with any hope of preventing or retarding spread. So that the Japanese beetle provides a most graphic illustration of the necessity for taking immediate action, even though a pest has not been proven to be especially damaging, thereby establishing the principle that we must assume that introduced pests are potentially dangerous and that quarantine and extermination measures must be taken even though the insects have not proven themselves to be dangerous. We therefore agree fully with the principle expressed in paragraph 8.

The statement concludes with the petition that the Congress and the Secretary of Agriculture develop a new procedure with reference to plant quarantine to the end that interests of economy may be served and burdens resting upon the people of New Jersey and other States similarly affected may be removed to the point consistent with the general public interest. You announce the sincere belief that any new approach to this problem should be based on the foregoing principles and procedure.

May I respectfully suggest that an approach to this problem based on the principles and procedure subscribed to and submitted by your honorable delegation would not be a new approach

at all, but would be the same approach that has been used by the department throughout the enforcement of the plant quarantine act since it was passed by Congress in 1912. I am sure that a thorough study of the principles outlined in the statement which you submitted, together with a study of the procedure followed by the department in the enforcement of the plant quarantine act, would convince anyone that the statement on the principles and procedure in plant quarantine prepared and indorsed by the agricultural and horticultural interests of New Jersey constitutes a rather vigorous indorsement of the policy of the United States Department of Agriculture in the conduct of its plant quarantine affairs. We welcome and appreciate this evidence of interest in this important work.

It has been called to my attention that this statement was printed in the CONGRESSIONAL RECORD of May 5, 1932. May I request, therefore, that the same consideration be given to this reply.

The inclosures which accompanied your letter are returned herewith.

Sincerely,

ARTHUR M. HYDE, Secretary.

#### REPORTS OF COMMITTEES

Mr. SMOOT, from the Committee on Appropriations, to which was referred the bill (H. R. 10022) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1933, and for other purposes, reported it with amendments and submitted a report (No. 798) thereon.

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the joint resolution (S. J. Res. 169) to provide information and direction to individuals and agencies concerned with relieving unemployment through finding opportunities for subsistence in rural areas, reported it without amendment and submitted a report (No. 799) thereon.

Mr. NYE, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 8548. An act authorizing the adjustment of the boundaries of the Siuslaw National Forest, in the State of Oregon, and for other purposes (Rept. No. 800); and

H. R. 10048. An act granting to the Metropolitan Water District of Southern California certain public and reserved lands of the United States in the counties of Los Angeles, Riverside, and San Bernardino, in the State of California (Rept. No. 801).

#### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BARKLEY:

A bill (S. 4869) for the relief of Alton T. Fields; to the Committee on Military Affairs.

A bill (S. 4870) granting an increase of pension to Lou Hayes Durham; to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 4871) to amend the teachers' salary act of the District of Columbia, approved June 4, 1924, as amended, in relation to establishing the Wilson and Miner Teachers Colleges on a basis comparable with recognized standards for accredited institutions of like kind; to raising the trade or vocational schools to the level of junior high schools, and for other purposes; to the Committee on the District of Columbia.

By Mr. SHEPPARD:

A bill (S. 4872) authorizing the appointment of Roy M. Kisner as a captain, Dental Corps, Regular Army; to the Committee on Military Affairs.

By Mr. GEORGE:

A bill (S. 4873) for the relief of Holsey Brown; to the Committee on Claims.

By Mr. GLENN:

A bill (S. 4874) to grant a right of way or easement over lands of the United States within the Upper Mississippi River Wild Life and Fish Refuge to the Savanna-Sabula Bridge Co., a corporation, for the construction, maintenance, and operation of a highway between Savanna, Ill., and Sabula, Iowa; to the Committee on Agriculture and Forestry.



## UNIFORM REQUIREMENTS AFFECTING GOVERNMENT CONTRACTS

Mr. BLAINE. Mr. President, early in the session I introduced a bill (S. 1395) to establish uniform requirements affecting Government contracts, and for other purposes. After introducing the bill there was some question respecting one feature of it which might be somewhat in dispute. I therefore desire to perfect the bill and insert in it a provision to correspond with what was in my mind at the time I introduced the bill originally.

I therefore ask unanimous consent to withdraw from the Committee on the Judiciary the bill (S. 1395) to establish uniform requirements affecting Government contracts, and for other purposes, and to introduce another bill in its stead.

The PRESIDENT pro tempore. Without objection, that order will be made.

The bill (S. 4875) to establish uniform requirements affecting Government contracts, and for other purposes, was read twice by its title and referred to the Committee on the Judiciary.

## THREATENING COMMUNICATIONS IN THE MAILS

Mr. McKELLAR submitted an amendment intended to be proposed by him to the bill (H. R. 96) to punish the sending through the mails of certain threatening communications, which was ordered to lie on the table and to be printed.

## UNEMPLOYMENT RELIEF—AMENDMENT

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, which was referred to the Committee on Banking and Currency.

## AMENDMENT TO DISTRICT OF COLUMBIA APPROPRIATION BILL

Mr. FRAZIER submitted an amendment intended to be proposed by him to House bill 11361, the District of Columbia appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 52, line 4, to strike out article "a"; in line 5, to strike out the word "school" and insert "schools"; and in line 6, after the word "section," to insert the following: "and on a site already acquired in the Manor Park section."

## PRINTING OF MANUSCRIPT "THE DEVELOPMENT OF FEDERAL TRADE COMMISSION POLICY"

Mr. WAGNER submitted the following resolution (S. Res. 225), which was referred to the Committee on Printing:

*Resolved*, That the manuscript entitled "The Development of Federal Trade Commission Policy," prepared by John J. Quigley, A. M., be printed as a Senate document and that 200 additional copies be printed for the use of the Committee on the Judiciary.

## ENLARGEMENT OF YELLOWSTONE AND GRAND TETON NATIONAL PARKS

Mr. CAREY and Mr. KENDRICK submitted the following resolution (S. Res. 226), which was referred to the Committee on Public Lands and Surveys:

*Resolved*, That the Committee on Public Lands and Surveys, or any duly authorized subcommittee thereof, is authorized and directed to investigate the activities in the Jackson's Hole region, Teton County, Wyo., of the National Park Service, Department of the Interior, and the Snake River Land Co., in connection with the proposed enlargement of the Yellowstone National Park and/or the Grand Teton National Park of Wyoming, particularly with a view to determining:

(a) The methods employed by the National Park Service to discourage persons from making entry and settlement on public lands and forest reserves in said region so that the boundaries of said Yellowstone and Grand Teton National Parks might be conveniently extended, and the efforts made by the National Park Service to secure the cooperation of other bureaus and departments of the Government in discouraging, directly or indirectly, entry or residence on such public lands and in national forests; and

(b) The methods employed by the Snake River Land Co., or any of its agents, to harass residents and settlers on public lands and national forests in said region in order to bring about their removal from said lands.

The committee shall report to the Senate not later than December 1, 1932, the result of its investigation, together with its recommendations, if any, for legislation.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hear-

ings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-second Congress until the final report is submitted, to employ such clerical and other assistants, to require by subpoena or otherwise, the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed \$5,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H. R. 12443) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1932, and June 30, 1933, and for other purposes, in which it requested the concurrence of the Senate.

The message also announced that the House had passed without amendment the joint resolution (S. J. Res. 97) extending for one year the time within which American claimants may make application for payment under the settlement of war claims act of 1928 of awards of the Mixed Claims Commission and of the Tripartite Claims Commission.

## HOUSE BILL REFERRED

The bill (H. R. 12443) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1932, and June 30, 1933, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

## UNEMPLOYMENT RELIEF

Mr. WAGNER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 836, a bill (S. 4860) to provide for loans to States for the relief of distress arising from unemployment, and for other purposes.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from New York?

Mr. BINGHAM. Mr. President, since we have the District of Columbia appropriation bill ready for consideration and are very anxious to get it through in order to send it to conference, will the Senator agree that his bill may be temporarily laid aside so we may take up that appropriation bill?

Mr. WAGNER. I doubt whether we shall take very much time in disposing of the bill, which has been pending several days, and which I think is agreed to by practically the entire Senate. If unanimous consent is not given, I shall have to move to proceed to the consideration of the bill.

Mr. BORAH. Mr. President, is this the unemployment relief bill?

Mr. WAGNER. It is the relief bill.

Mr. BORAH. Covering what portion of the relief program?

Mr. WAGNER. Providing \$300,000,000 for relief of the destitute and needy.

Mr. BORAH. I think it ought to be disposed of. We can better dispose of that matter immediately, it seems to me, than to let it wait on appropriation measures.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request proposed by the Senator from New York?

Mr. WATSON. Mr. President, I certainly have no objection to that portion of the relief program providing for \$300,000,000 for the States to be distributed in accordance with the wishes of the authorities of the various States.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from New York?

There being no objection, the Senate proceeded to consider the bill, as follows:

*Be it enacted, etc.*, That (a) to aid in furnishing relief and work relief to the needy and distressed people residing in the several States and in relieving the hardship resulting from unemployment, the Reconstruction Finance Corporation is authorized and



empowered to make loans to the several States for such purposes out of the funds made available by the Reconstruction Finance Corporation act, under the terms and conditions hereinafter set forth, and in an aggregate amount of not to exceed \$300,000,000. Such amount shall be apportioned among the several States in the proportion which their population bears to the total population of the States of the United States according to the Fifteenth Decennial Census. Such apportionment shall be made by the corporation within 10 days after the date of enactment of this act, and the corporation shall immediately certify to the governors of the several States the amount apportioned to each State. The amounts so apportioned to any State shall be available for loans to such State for the purposes of this act until the expiration of two years after the date of enactment of this act.

(b) The aggregate amount of the loans made to any State under this act shall not be in excess of the amount apportioned to such State. Each such loan shall bear interest at the rate of 5 per cent per annum. The amount of the loan or loans to each State, with interest at the rate of 5 per cent per annum upon any unpaid balance, shall be reimbursed to the Reconstruction Finance Corporation by making annual deductions, beginning with the fiscal year 1935, from moneys payable under regular apportionments made from future Federal grants in aid of the States for the construction of highways and rural post roads, of an amount equal to one-fifth of the share which such State would be entitled to receive under such apportionment, except for the provisions of this act, or of an amount equal to one-fifth of the principal of the loan or loans made pursuant to this act and all accrued interest on such loan or loans to the date of such deduction, whichever is the lesser, until the sum of such deductions shall equal the total amount of such loan or loans and all accrued interest thereon. Whenever any such deduction is made, the Secretary of the Treasury shall immediately pay to the Reconstruction Finance Corporation the amount so deducted. Such deduction shall not be made with respect to any State which, within a period of two years from the date of enactment of this act, shall enter into an agreement with the Reconstruction Finance Corporation for the repayment of the amount of the loan or loans to such State with interest thereon as herein provided, in such installments and upon such terms as may be agreed upon between such State and the Reconstruction Finance Corporation, unless such State shall be in default in the performance of the terms of such agreement. Such an agreement may be made after the expiration of such 2-year period with respect to the repayment of the unpaid principal of any such loan or loans, with interest thereon as herein provided. In the case of a default in any such agreement, the agreement shall thereupon be terminated and reimbursement of the amount of the unpaid principal and interest of any such loan or loans shall be made by making deductions in the manner above provided from moneys payable to such State under regular apportionments made from future Federal grants in aid of the States for the construction of highways and rural post roads, beginning with the fiscal year next following such default.

Sec. 2. Any State making application for a loan under this act shall, through its governor, certify the necessity for such loan, and that its own resources, including moneys then available and which can be made available by the State, its civil subdivisions, and private contributions, are inadequate to meet its relief needs. Any funds made available to a State pursuant to this act shall be administered by the governor, or under his direction, and upon his responsibility, subject to the laws of the State.

Sec. 3. The amount of any loan authorized under this act shall be paid to the State upon delivery by the State to the Reconstruction Finance Corporation of a receipt for such amount, which receipt shall state that the loan is accepted subject to the terms of this act.

Mr. WAGNER obtained the floor.

Mr. HOWELL. Mr. President, will the Senator from New York yield to me?

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Nebraska?

Mr. WAGNER. I will yield to the Senator for a question.

Mr. HOWELL. I desire to make a statement. I ask the Senator to yield that I may make a statement and a request.

Mr. WAGNER. Very well; I yield.

Mr. HOWELL. Mr. President, those who represent agriculture in the Senate have no desire to interfere with the passage of the pending relief measure, but we do desire to make a request for unanimous consent at this time, that immediately following the disposition of the pending measure, Calendar No. 780, being Senate bill 4536, to amend the agricultural marketing act, approved June 15, 1929, may be taken up and considered.

The PRESIDENT pro tempore. The Senator from Nebraska asks unanimous consent that the agricultural relief bill named by him may be taken up for consideration immediately following the disposition of the bill which is now before the Senate. Is there objection?

Mr. WATSON. Mr. President, what was the request of the Senator from Nebraska? I was engaged for the moment and did not hear it.

Mr. BINGHAM. Mr. President, it has been the general practice—

Mr. WAGNER. I think I have the floor, Mr. President.

The PRESIDENT pro tempore. The Senator from New York yielded to the Senator from Nebraska for the purpose of proposing a unanimous-consent request, and that must be disposed of.

Mr. WAGNER. Very well.

Mr. BINGHAM. It has been the general practice to permit appropriation bills to have the right of way. They generally do not take long. It is appreciated that usually they have the right of way even over the unfinished business, the unfinished business being temporarily laid aside in order that they may be considered. I hope there will be no exception made in this case and that we may have an opportunity to pass the District of Columbia appropriation bill to-day at an early hour, so that it may go to conference.

The PRESIDENT pro tempore. Does the Chair understand the Senator from Connecticut to object?

Mr. BINGHAM. I have no desire to object to the request which the Senator from Nebraska makes, but I ask him, if his request shall be granted, to permit the District bill to be taken up immediately when his bill shall come before the Senate.

The PRESIDENT pro tempore. It is within the province of the Senate to determine by a series of unanimous-consent requests what measures shall come before it.

Mr. HOWELL. I will withdraw my request for the present.

The PRESIDENT pro tempore. The Senator from Nebraska withdraws his request. The Senator from New York has the floor. The bill will be read for the information of the Senate.

Mr. WALSH of Massachusetts. Mr. President, there appears to be no opposition to the bill, and I ask unanimous consent that the reading of the bill may be dispensed with.

The PRESIDENT pro tempore. Is there objection?

Mr. BORAH. Mr. President, there is no opposition to the bill, but we would like to have a chance to read it before we vote upon it.

Mr. KING. Mr. President, let the bill be read.

Mr. WAGNER. Mr. President, I wish briefly to explain the bill. I suppose there is no need of any further debate upon the measure, because the debate which we had some time ago in this body, when we had under consideration the La Follette-Costigan bill, applies to the conditions at the present time, except at that time a majority of the Senate was not ready to agree upon the relief plan proposed. I think since then conditions have become even more tragic and more serious, and I am persuaded that those who then regarded it as a foreign field for the Government to assume the responsibility of feeding the hungry and unsheltered now are convinced that the Federal Government should assume its responsibility in the task of relieving human misery. The bill is an attempt to compose the differences which divided the Senate at the time we had under consideration the La Follette-Costigan bill and the Walsh-Black-Bulkley proposal. An analysis of the vote, when we considered the former relief bill, shows that a majority of the Senate at that time was for some form of relief, but there was a difference of opinion as to the method for the distribution of the funds provided.

This bill provides that the Reconstruction Finance Corporation may loan to the States altogether a total of \$300,000,000, which is to be apportioned among the States according to population, the loans or advances to be made upon the certification of the governor that there is need in the State for such relief and that funds both public and private available in the State are insufficient to cope with the situation. Then upon such certificate being filed, the State, up to the limit of its apportionment, is entitled to its proportion of the funds.

Mr. THOMAS of Idaho. Mr. President—

The PRESIDING OFFICER (Mr. AUSTIN in the chair). Does the Senator from New York yield to the Senator from Idaho?

Mr. WAGNER. I yield.



Mr. THOMAS of Idaho. If it will not interrupt the Senator unduly, I should like to ask him a question regarding the \$300,000,000 which is to come from the Reconstruction Finance Corporation. I notice that under the bill \$300,000,000 may be loaned by the Reconstruction Finance Corporation. The question I want to ask is, Is that \$300,000,000 to come out of the limit of \$2,000,000,000 which the Reconstruction Finance Corporation is authorized under the law creating it to advance?

Mr. WAGNER. I think there is some question about that as the bill now reads, so I have prepared an amendment, after discussing the matter with the junior Senator from Idaho, which provides for an additional authorization of \$300,000,000 to the Reconstruction Finance Corporation to take care of that situation.

Mr. THOMAS of Idaho. Very well.

Mr. DILL. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. DILL. As I understand, this bill provides only for loans to the States; it does not make any provision for loans to cities or municipalities?

Mr. WAGNER. Under the bill the States, after they receive funds as provided, are to make such disposition of them as may be required by the municipalities in the respective States. For instance, in New York to-day the State government contributes a portion of its funds to take care of the needy within the city of New York. So, under this bill, when funds are advanced to a State they are subject to disposition under the laws of the State, and that is not our affair, except that the purpose must be to take care of the needy and destitute.

Mr. DILL. Then the Reconstruction Finance Corporation will give no consideration to appeals from the cities but only to those from the governors of States?

Mr. WAGNER. Yes; that is what the bill provides.

Mr. DILL. Did the committee consider the fact that there are great cities that are in such need that they ought to be loaned money on the basis of their own security without involving the remainder of the State?

Mr. WAGNER. That raises an entirely different question. I may say to the Senator that we have attempted to confine the use of this \$300,000,000 to take care of the needy, the hungry, and the unsheltered. When we get into the domain of lending to municipalities upon their bonds a different situation is presented.

Mr. DILL. No; I am not speaking of that, Mr. President; I am speaking of loaning to cities in order to feed their needy.

Mr. WAGNER. That will be done through the State administration. It will be assumed that the money will be distributed among the municipalities by the State governments as the needs are made manifest. That is being done now all over the country. State appropriations are made to help municipalities. It was attempted even in Illinois, but the difficulty there was that they were not able to sell their bonds. However, the money which the State bonds were to provide was to be used to take care of the needs of the city of Chicago. Now the State will be able to get funds under this bill to enable it to take care of such needs.

Mr. DILL. Mr. President, on reading the bill I am impressed with the provision that the money is to be repaid by the States by deduction from future allocations of road funds, and I suppose that there is not any method whereby money could be loaned to the cities on the same basis. However, I can foresee a most difficult situation in some States, where the governor, representing the rest of the State, may be unwilling to bind the State for the sake of a single town or city.

Mr. WAGNER. I do not know of any case, I may say to the Senator, where the State government has not been willing to cooperate with any municipality where people were starving or were unsheltered. To refuse to do so would be such an act of inhumanity that I can not conceive of such a situation; and, as a matter of fact, throughout the country, the States are cooperating with their municipalities to take care of the needy.

Mr. PITTMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Nevada?

Mr. WAGNER. I yield.

Mr. PITTMAN. In reference to the question the Senator from Washington has asked, as to whether or not the committee which joined with the Senator in drafting this bill took into consideration the question raised as to direct loans to cities and municipalities, I should like to say that it was taken into consideration, and it was determined that there were probably several thousand towns and cities that would apply and that the corporation would have to have a very large body of employees or agents to determine whether they were entitled or not entitled to advances, and to attempt to apportion the amounts. Under this proposition a State is not going to borrow money and pay interest on it unless it knows that it is going to be needed and also knows how much is going to be needed. The State will determine that question by the appeals from the various communities in the State setting out, respectively, how much they need. Then the State, in turn, will lend to the municipalities and will get the proper security from the municipalities before it will let them have the money.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Arkansas?

Mr. WAGNER. I yield.

Mr. ROBINSON of Arkansas. In addition to what has been so clearly stated by the Senator from Nevada, if the States and municipalities were authorized to make application for loans, there would be such a confusion and overlapping of demands for loans that it would greatly embarrass the administration of the act. If the governor of a State decides there is no condition in his State that would justify the use of a portion of this fund, I think the Congress may well rely on that decision. I believe the provision of the bill makes for clarity and efficiency of administration.

Mr. WAGNER. And removes all danger of possible duplication.

Mr. ROBINSON of Arkansas. Yes.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Idaho?

Mr. WAGNER. I yield.

Mr. BORAH. I notice on page 2, line 1, there is a provision which reads:

Such amount shall be apportioned among the several States in the proportion which their population bears to the total population of the States of the United States according to the Fifteenth Decennial Census.

Did the committee not take into consideration that the fund ought to be distributed according to the need rather than according to population?

Mr. WAGNER. Mr. President, we were trying to arrive at an apportionment which would take care of the needs of the States and would be as nearly as possible in conformity with those needs. There are only two ways of which I know of apportioning this fund, unless we give some bureau here in Washington the discretionary power to determine whether a State shall have any funds at all or not. Those two methods would be, on the one hand, an apportionment according to population, and, on the other, an apportionment according to the census of unemployment.

Originally when the La Follette-Costigan bill was before the Senate for consideration, I proposed an amendment that we change the method of apportionment from the basis of population to that of the census of unemployment, and, as I recall, the Senator from Idaho was one of those who opposed that method of apportionment as being less accurate than to base it upon population. However, if we do not provide some method of apportioning the fund among the States, then we have got to constitute some bureau in Washington to determine, after a governor certifies to the needs, to how much that particular State shall receive. The com-



mittee did not think that was the proper way to deal with the sovereignty of States.

Mr. BORAH. Mr. President, I do not recall the details of the amendment which the Senator offered to the Costigan-La Follette bill; but I certainly did not oppose the proposition of apportioning this money in accordance with the need rather than in accordance with the population. There are some States which would not require any assistance from the National Government. It does seem to me that we ought to provide some method by which we can distribute this money according to the actual demands of the different parts of the country.

Mr. WAGNER. Of course, if a community does not need assistance, it will not ask for it; but with the widespread suffering and unemployment now, I think myself that an apportionment according to population is about as accurate an apportionment as can be made at this time to provide for the needs of the different communities.

Mr. BORAH. I have great respect for the Senator's judgment, because I know he has studied this matter; but, on the face of it, it seems to me not in accord with the actual conditions.

Mr. WAGNER. There is only one other way of doing it, and that is to constitute some board down here to sit as a judge, with all the red tape that is involved in inquiring into the financial condition of the State, the needs of the State, and all the other factors that have to be taken into consideration in determining need. It seems to me the governor of a State is in a better position to know the needs of his community than some bureau set up here in Washington.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. WAGNER. Certainly.

Mr. ROBINSON of Arkansas. The plan in the bill is necessarily somewhat arbitrary. May I point out to the Senator from Idaho that to undertake to incorporate a different provision, such as he has suggested, would involve an almost endless investigation and inquiry on the part of a central board in Washington. Manifestly, hearings would have to be had, surveys would be required, and great expense would be incurred in the administration of the act, with the result that the conclusion probably would not be greatly different from that which would be based on population.

It was argued during the course of the hearings referred to by the Senator from New York on the Costigan-La Follette bill that, after all, the basing of apportionment on the unemployed population would not make a very great difference from the apportionment that would be made on population itself. To require a central board to be created to look into the subject of needs would be to handicap the administration, and necessarily involve discrimination.

So I think that while there is much that can be said in criticism of the plan in this bill, and it is in a measure arbitrary, after all it is the most practical plan if we wish to get results, and get them quickly, and secure them without discrimination.

Mr. WALSH of Montana. Mr. President, I desire to submit an observation.

When this matter was last before the Senate upon the amendment proposed by the Senator from Connecticut, I called attention to the fact that in all reasonable probability the statistics of unemployment found in the census take into consideration only unemployment in industrial centers, and do not take into consideration at all the needs of the farming population of the country.

Take the State of Kansas, for instance: In all reasonable probability the number of unemployed in the State of Kansas will be relatively small, whereas there may be in the rural sections all manner of need for relief. That certainly is the condition in my State, and I dare say in the State of the Senator from Idaho.

So I contend that a distribution upon the basis of unemployment as reported in the census would be manifestly unjust and unfair to the rural sections.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator permit one more interruption?

Mr. WAGNER. Yes.

Mr. ROBINSON of Arkansas. Also, it may be stated that such statistics on this subject as are available have, by the progress of events, become more or less obsolete. Changes are constantly occurring. Many communities are now in need that were experiencing no immediate necessity a few months ago or were able to meet requirements from local resources; and certainly if we go back to the time of the census we will find that unemployment statistics are a wholly unreliable standard upon which to proceed at this time.

Mr. WAGNER. We shall have to adopt one or the other of the two standards. I am quite ready to agree that an unemployment census would be a better method.

Mr. ROBINSON of Arkansas. That means that a survey of unemployment would be required now; and, as I stated a few moments ago, it would add to the complexities of administration.

Mr. BORAH. Mr. President, I appreciate the difficulties on both sides of the proposition; but may I ask a question, in order to understand the import of the bill?

The bill says:

Such amount shall be apportioned among the several States in the proportion which their population bears to the total population of the United States.

That would require the authorities to withhold the money that any State might be entitled to according to population, whether it made application for it or not.

Mr. WAGNER. A State can not get an amount in excess of the amount which is apportioned to it. This is only for the period until December. If the situation gets more serious, we probably will have to appropriate more funds; but New York, for instance, under this bill, would have \$30,000,000 assigned to it. It can not borrow in excess of that \$30,000,000; but within that \$30,000,000 it may borrow such a sum as the governor certifies.

Mr. WALSH of Massachusetts. Mr. President, what would the smallest State get?

Mr. BORAH. Mr. President, that is not exactly the point I had in mind. The fund would have to be kept intact as to those States which did not make application?

Mr. WAGNER. Yes.

Mr. ROBINSON of Arkansas. That is right.

Mr. BORAH. So that that part of the fund could not be drawn upon for those States which did need it. It would have to be held intact for those which had not made application?

Mr. WAGNER. That is true.

Mr. COUZENS. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Michigan?

Mr. WAGNER. I do.

Mr. COUZENS. The very question raised by the Senator from Idaho was raised in the committee; and the Senator from New York will remember that the committee took a vote as to the means of distribution, whether it should be by need or by population. Some of the Senators said that their States in all probability would not apply for any of the funds. It has been said that perhaps 40 States all together would not apply. Then, in effect, we are appropriating or permitting the use of \$300,000,000 for the aid of the unemployed and at the same time proposing to tie up most of it by apportionment to States that do not need it or will not ask for it.

Mr. WAGNER. Mr. President, assertions have been made every little while that this State does not need assistance and that State does not need it. I have not heard of a State that is not apprehensive that within a very few weeks it will be unable to cope with the situation unless its moneys are supplemented by some aid from the Federal Government; and that includes New York State.

Mr. HEBERT. Mr. President, will the Senator yield?

Mr. WAGNER. I believe that eventually New York will have to take advantage of this act; and I do not think these



statements that are made have any other basis except conjecture.

Mr. COUZENS and Mr. HEBERT addressed the Chair.

The VICE PRESIDENT. To whom does the Senator yield?

Mr. WAGNER. I yield to the Senator from Michigan.

Mr. COUZENS. I want to point out to the Senator that during the discussion some Senators made the very definite statement—I do not want to name the Senators, because it might embarrass their States—that their States would not apply for any money; and some of the Senators said that they would be ashamed if their States did apply. I submit that if that be the case, we are tying up on an allotment plan a lot of money or prospective money that will not be needed.

For example, there is no State that is worse hit than Michigan as a result of the concentration of the motor-car industry. Its allotment under this program would be some twelve and a half million dollars, which is wholly inadequate, almost useless so far as Michigan is concerned; and yet Michigan is not going to ask for any money that is not supported by either the surrender of its road funds or the deposit of municipal securities that are adequate.

For example, Detroit is perfectly able to take care of itself if it can finance its securities. Detroit has probably \$32,000,000 of maturing securities that it is unable to renew, because of a lack of market; and yet they could be used, under proper arrangements, as security for a loan from the Reconstruction Finance Corporation.

So what is the use of fixing the amount at \$300,000,000 when we are going to tie up a lot of it, according to the reports, by allocation to States that do not need it, and yet find that we have made wholly inadequate provision for communities like Michigan, for instance, where they need more than twelve and a half million dollars to finance themselves alone, if they do not need it for any other purpose?

Mr. WAGNER. Mr. President, in the first place, I think the need is universal at this time; and the question which the Senator raises is a fundamental question so far as the consideration of this bill is concerned. We will have to decide to do one of two things: Either to adopt the plan of the bill or to create a bureau here in Washington which will determine the needs of a State irrespective of what the governor may certify are its needs. Then will come all this red tape, which was so clearly pointed out by the Senator from Arkansas—the investigation into what the State itself has been doing, as to its fiscal situation, as to whether it has properly distributed its funds, and so forth. It is, I think, the worst kind of bureaucracy and invasion of States' rights by a Federal bureau. Since this money is being borrowed, and the State is going to pay it back, I should think that its certification as to what the needs are ought to be final, because, after all, it is only an advance or a loan.

Several Senators addressed the Chair.

The VICE PRESIDENT. Does the Senator from New York yield; and to whom?

Mr. WAGNER. I yield to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, the suggestion just made by the Senator from New York seems to me one that we ought not to lose sight of.

In the first place, remarks made in the committee by Members of the Senate as to whether any State would apply, or whether they would be ashamed for their States to apply, have no bearing on this question. This bill does not put on a Senator the responsibility of applying for this fund. It puts it on the governor.

Another thing: This is no gift of the National Government. If it were a direct gift out of the Treasury for unemployment relief, there might be some force in the suggestion that it ought to be distributed from Washington; but this is a loan. This whole bill is based on the theory that the Federal Government is not to interfere with the State in its capacity to take care of its local situation, but is merely to aid it in taking care of it. Therefore, this is a loan to the State, to be granted on the application of the governor.

If we provide that this money shall be distributed according to the need, we might very well imagine a situation where the governor of a State, acting in his capacity as chief executive of one of the Commonwealths of the Nation, might certify to the need in his State, and yet some bureau in Washington might decide that he had misrepresented the conditions and deny the relief which he himself, on his responsibility, had certified to the National Government.

Another thing: Of course, if a provision is to be inserted here that the money should be distributed according to need, the first to come would be the first to be served, according to the old standard of country milling.

Another thing, this money is to be repaid to the Federal Government by a deduction in advancements to the States, which are based now upon population and rural-routes mileage. In other words, the repayment of this fund to the Treasury is to be based in part upon the same standard upon which we propose to distribute it among the States; and, certainly, looking upon it from the standpoint of a loan to a State which is promising to repay it to the Federal Government, or if it is not repaid, then to be deducted from any money to be advanced by the Treasury to the State for roads or other purposes, if we can not depend on the integrity and the good faith and the intelligence of the governor who asks for the loan to distribute it according to the needs in the State, we ought to consider very seriously whether we would make any advancement to the State at all.

Mr. HAWES. Mr. President, will the Senator yield to me?

Mr. WAGNER. I yield.

Mr. HAWES. Possibly Missouri is a typical State. Its limited borrowing capacity is controlled by the constitution. Our leading city is St. Louis, and there is a limit on its borrowing capacity. So that a constitutional amendment would be required to enable the State to borrow any of this money, or an act of the city of St. Louis to secure some of the money. That would, in either case, mean long delay; and I am informed that our people have generously and spontaneously contributed for months and months to the unemployment situation, but they have reached their private limits and something must be done. It may happen that there will be an unequal distribution of this money if we consider State after State, but the passage of this bill will afford means of meeting the immediate necessities of the situation which can be rectified when Congress meets in December.

I understand there would be an option between two or three different ways by which the money could be secured. If a State found itself in the embarrassing situation in which my State is, then the governor would have the option of borrowing the money, and the Government would hold as its security money which might be allocated to the State for road purposes, and any governor who has a choice between starvation and hunger and misery as against the building of roads must, if he is a capable governor, decide in favor of borrowing the money in this way.

I do not see any other method for getting the relief so much needed. My State is a prosperous State. It has bled itself white in borrowing money and taking money from private individuals. There is no return upon that, but there is a limit upon it, and the chief effect of this bill would be to tide over an immediate necessity with various ways of repayment afforded.

Mr. WAGNER. Free from red tape, I may say to the Senator.

Mr. HAWES. As to the matter of dealing with municipalities, it is inconceivable to me that the United States could think of such a thing. If it thought of dealing with counties, there are 3,000 counties in the Union. So it has placed the exercise of proper judgment in the hands of the governor of the State, it being understood, of course, that the representatives of the municipalities and the different volunteer organizations will be called into conference by the governor and the fund allocated where it is most needed.

Mr. COSTIGAN. Mr. President, may I ask the Senator from Missouri a question?

Mr. WAGNER. I yield for that purpose.



Mr. COSTIGAN. The Senator from Missouri has indicated certain constitutional difficulties with reference to loans to Missouri. For the information of the Senate, may I ask the Senator to explain to the Senate how the governor of that State will justify lending the credit of the State to a loan, even under the provisions of the bill, for repayment through deductions from future Federal road funds? The question is not dictated by hostility to relief legislation. No one more strongly indorses the objective of this proposal. If improvements are not obtainable, I shall, of course, vote for the measure. Personally, however, I see no escape from the definite obligation resting on the Federal Government to make safeguarded grants to the States rather than loans.

Mr. WALSH of Montana. Mr. President, will the Senator from New York yield to me a moment?

Mr. WAGNER. I yield.

Mr. WALSH of Montana. Touching the matter just now raised by the Senator from Colorado, although the bill uses the word "loan," there would be absolutely no obligation upon a State at all in the ordinary sense. The bill simply provides that if any of this money shall be paid to a State at this time, it will not be paid to the State in the future. That is all there is to it. I can not think that if the Government of the United States sued a State in the Supreme Court of the United States to recover the amount of such a loan, it could prevail in its suit, because the bill expressly provides the way in which the thing is to be paid, if "payment" is the proper word at all. It is simply an advance. The money would be given to a State at this time instead of being given to it at some future time, and if the State does not return it, it will be taken out of the State's allocation of funds in the future.

Mr. COSTIGAN. The learned Senator from Montana is doubtless right in his interpretation of the purpose of the legislation. If so, however, the Senate is asked to put its seal of approval on a grant to a State, designating the grant as a loan.

The constitution of Missouri provides, in part:

The general assembly shall have no power to give or lend, or to authorize the giving or lending of the credit of the State in aid of or to any person, association, or corporation \* \* \* for the payment of liabilities, present or prospective.

Under that provision it would appear that the State of Missouri is barred from pledging its credit for a loan of this sort. If we proceed upon the theory suggested by the Senator from Montana that no suit at law or in equity could be based upon the advance of funds under this measure as drafted, the credit of the State would nevertheless be pledged either through legislative action or through the express or implied agreement of the governor of the State.

Mr. WAGNER. Mr. President, may I make this appeal to the Senate? I hope we shall not get into the legalistic arena, in the discussion of this bill, that we got into in December when the La Follette-Costigan bill was before the Senate. Unfortunately, at that time we got into a discussion, but not on the question of the necessity of relief, because, as I analyze the vote, a majority of the Senators of this body said there should be relief. They were persuaded of the necessity by the effective arguments made by the two Senators who sponsored the legislation. But we got into a legalistic argument as to the method to be employed in the distribution of the funds.

I was on the bench long enough to know how lawyers can get into legalistic discussions and forget the main and substantive question involved. Let us not be so concerned with technical language or precedent but let us think of the people we have to feed now.

There is, as the Senator from Montana has said—and I do not suppose there is a more reliable authority upon these questions than he—the thought that at most there is no constitutional prohibition on a State. It can not interfere with the transmission of this money. It is a responsibility which the Federal Government assumes. It says to the State, "Here, you may have this money to feed your people, and if you do not make provision for its return under some

borrowing power that you have we will liquidate the debt by subtracting from your future appropriations, by one-fifth of the appropriation each year until the sum is liquidated."

I think it is a plain, simple proposition, which is enforceable in law, and certainly the necessities of the occasion require it. Time is of the essence in this case.

Mr. REED. Mr. President, will the Senator permit a question?

Mr. WAGNER. I yield.

Mr. REED. Take the position of the Governor of Pennsylvania. Our constitution forbids the State of Pennsylvania from borrowing money unless two successive legislatures shall authorize it and direct the submission of the question to the people. After the action of two legislatures it must then come to a popular vote, and any other loan by the State in excess of \$1,000,000 temporary accommodation is absolutely invalid. Pennsylvania is typical of a dozen other States.

Suppose the United States Government did hand over some of this money to the Governor of Pennsylvania. It could not be a loan under our constitution. It would therefore have to be regarded as an advance of Federal aid for highway construction, and our governor would be confronted with the alternative of doing nothing, or of misappropriating highway money to feed people in distress. That would be the predicament in which we would place him. How could his situation be helped? The same thing is true of Michigan.

Mr. WAGNER. The governor would not be in that predicament. The Federal Government would assume the responsibility of advancing to the State moneys for a State as well as a Federal purpose, namely, taking care of the needy, and the Federal Government would place a condition on the transmission of that money, which would be that in the future it should deduct an equal sum from the appropriations to come to the State.

Mr. REED. In other words, it would be an advance out of its expected highway grants.

Mr. WAGNER. It would not be a loan prohibited under the State constitution.

Mr. GEORGE. Mr. President, if the Senator will yield, I find these words in the bill:

Any funds made available to a State pursuant to this act shall be administered by the governor, or under his direction, and upon his responsibility, subject to the laws of the State.

I do not see how the governor of my State could use any of this fund for general relief purposes, or could apportion it among the municipalities of the State, because whether he called it a loan, an advance, or an allotment, it would be received by the governor, there would be a promise to pay interest or to allow an interest charge against the advance, and there is an express limitation that all funds received by the State pursuant to this act shall be administered by the governor or under his direction, upon his responsibility, subject to the laws of the State.

Mr. WAGNER. That is as to the distribution of the fund to the needy. I think almost every State has created under the law an unemployment relief agency or welfare agency which distributes such funds among the needy.

Mr. GEORGE. I had the impression that the money might be used by the State for direct relief purposes or in relief work.

Mr. WAGNER. In relief work, yes; but it is to be done as the State directs that it be done.

Mr. HEBERT. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. HEBERT. I shall respect the wishes of the Senator from New York and shall not indulge in any legal discussion of this problem. I have my own ideas upon it, but for the time being I shall not enter into any such discussion.

I merely rose to say that so far as Rhode Island is concerned, I know of no misapprehension there about taking care of our people. The Senator stated a short while ago that he knew of no State where there was not apprehension. The fact is that in our State we have provided for



loans to all of our municipalities out of State funds. We are making these loans at an interest rate of 3 per cent. I have had no information that any needs on the part of any municipality of our State had not been met. I merely wished to make that statement so the record might be clear.

Mr. WAGNER. I congratulate the Senator and his State.

Mr. HEBERT. I think the State is entitled to congratulations.

Mr. HARRISON. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Mississippi?

Mr. WAGNER. Certainly.

Mr. HARRISON. I want to ask a question of the Senator, who is so familiar with this legislation. Suppose in my State we do not want to borrow any money or get this advance for some relief work, but that we are short of funds necessary to pay the teachers and the schools are going to be closed unless we could get money, that it is found that the State can not float bonds to do that and they were then to apply to get a part of this fund to be used to pay the school teachers. Could they get the money for that purpose?

Mr. WAGNER. I doubt it. I think it is confined to the care of the destitute and needy in the State. It would be of course a matter of interpretation by the State itself as to whether that would be a case of caring for the destitute and needy.

Mr. HARRISON. Suppose, because of the condition of the bond market, the State was unable to sell its bonds and as a result some charitable hospitals are going to close, sanitariums for tubercular patients are going to close, and many men be thrown out of employment because of the closing of those institutions. Could the State get any money under this plan of the Senator from New York?

Mr. WAGNER. Under a reasonable interpretation they might be cared for.

Mr. HARRISON. Does the Senator contemplate following this legislation with something else that would permit a State making an honest effort to sell their bonds in order to carry on some of the State institutions, to borrow money from the Reconstruction Finance Corporation?

Mr. WAGNER. I hope very soon to have up for consideration the so-called construction bill, which will involve the question which the Senator has raised here. Undoubtedly he will raise that question when that legislation is before the Senate for consideration, and he may want to attempt to broaden the scope of the power of the Reconstruction Finance Corporation in financing State and municipal projects.

Mr. HARRISON. May I say to the Senator that I have had many letters from my State expressing a desire to amend the Reconstruction Finance Corporation act in order to enable the State to sell, at a reasonable rate of interest, some bonds to that corporation, so that the State can carry on agencies of the State, which is more preferable than to get the money in this way to take care of some relief down there. In the consideration of the matter I hope something can be worked out that at least will permit them to go to the Reconstruction Finance Corporation and sell some bonds and get some financial aid for that particular work.

Mr. WAGNER. The opportunity will undoubtedly be offered when the construction bill is before the Senate.

Mr. BLAINE. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Wisconsin?

Mr. WAGNER. I yield.

Mr. BLAINE. I do respect the Senator's suggestion regarding the discussion of the legalistic phase of the measure, but this is going to become a law. In the first instance, it is for the Congress to place its own interpretation and construction upon it. The Senator will recall that during the consideration of the bill before the committee I invited attention to the fact that whenever the Reconstruction Finance Corporation makes a loan or an advance to the States the amount of such loan will go into the State treas-

ury. It must go there under the constitutions and laws of most of the States.

In most of the States there is a constitutional provision that no money shall be taken out of the State treasury except pursuant to an appropriation made by the legislature, so, in all those States it will be necessary to have an act of the legislature to appropriate the money for the purposes for which it was designed, unless the State has anticipated or contemplated that this kind of relief was going to be afforded and has passed a general law providing that all funds payable into the State treasury for the purposes set forth in this bill shall be distributed as the particular State legislature might have provided. In any event, except in those rare cases where the State had anticipated this kind of legislation, it will be necessary to await the convening of the respective legislatures or for the governor to call the legislature in special session for the purpose of making the necessary appropriation of the specific funds obtained under this bill.

Is not that the Senator's view?

Mr. WAGNER. The Senator, I think, is correct. If there is no general provision already to take care of funds of this type, an extraordinary session of the legislature would have to be called to take care of that matter; but after all that is not an impossible thing.

Mr. BLAINE. I was not raising the point in opposition to the Senator's measure.

Mr. WAGNER. I agree with the Senator.

Mr. President, may I at this time offer an amendment to the bill?

The VICE PRESIDENT. The bill is open to amendment. The Senator from New York offers an amendment, which will be stated.

The CHIEF CLERK. On page 1, lines 8 and 9, strike out the words "made available by the Reconstruction Finance Corporation act" and insert in lieu thereof the words "hereinafter made available."

The VICE PRESIDENT. Without objection, the amendment is agreed to. The clerk will state the further amendment offered by the Senator from New York.

The CHIEF CLERK. On page 4, after line 19, insert the following additional section:

Sec. 4. For the purpose of providing funds for carrying out the provisions of this act, the Reconstruction Finance Corporation is authorized and empowered to issue its notes, bonds, debentures, or other such obligations, in an aggregate amount not to exceed \$300,000,000. Such notes, bonds, debentures, or other such obligations shall, so far as practicable, be issued in the same manner and be subject to the same terms and conditions as the notes, bonds, debentures, or other such obligations issued pursuant to section 9 of the Reconstruction Finance Corporation act.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New York.

Mr. KEAN. Mr. President, I would like to amend the amendment, if the Senator from New York will accept it, by providing that the bonds or notes issued by the Reconstruction Finance Corporation shall not carry a greater rate of interest than the States pay the United States.

Mr. WAGNER. This does not deal with the interest question at all.

Mr. KEAN. It provides that they shall issue their notes, bonds, and so forth.

Mr. WAGNER. There is another section of the bill which deals with the question of interest. This simply empowers the Reconstruction Finance Corporation to issue its notes, and so forth, up to \$300,000,000.

Mr. KEAN. Very well.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New York.

Mr. LOGAN. Mr. President—

Mr. COUZENS. May I point out to the Senator—

The VICE PRESIDENT. Does the Senator from New York yield, and if so, to whom?

Mr. WAGNER. I yield the floor.

Mr. LOGAN. Mr. President, before the Senator yields the floor, I desire to ask him a question for information.



Mr. WAGNER. Mr. President, the amendment has not been disposed of.

The VICE PRESIDENT. The Chair understands that the Senator from Michigan desires to discuss it. The Senator from Kentucky is recognized to propound a question to the Senator from New York.

Mr. LOGAN. Mr. President, the Senator from Pennsylvania a while ago suggested that it is impossible for his State to incur any obligation to the United States Government. The same thing is true in my State and in many others. In response to that the Senator from New York said that if the arrangement could not be made to pay the money back it would be repaid by deducting one-fifth of future appropriations to the States for road-building purposes.

I desire to call the attention of the Senator from New York to the fact that one-fifth of the State aid granted to the States will not pay the interest on this loan we are talking about; and if that be true, what would become of the principal?

Mr. WAGNER. In no case is more than one-fifth of the State-aid appropriation to be deducted. It may be it will take 10 years to liquidate the debt, but in no case is more than one-fifth of the appropriation deducted and charged against the State.

Mr. LOGAN. But if one-fifth will not pay the annual interest that accrues, then the debt will keep on growing and will never be paid; and if the State can not pay it, it will have to be repudiated.

Mr. WAGNER. Does the Senator know of such a case?

Mr. LOGAN. I do. I think it will be true in almost every State. Take the State of Kentucky, for instance. We have about \$1,500,000 in State aid each year. One-fifth of that would be \$300,000. If the State of Michigan receives \$12,500,000 under this bill, then Kentucky will receive about one-half that sum, or about \$6,000,000. Five per cent interest on \$6,000,000 would be \$300,000; so it would take our one-fifth to pay the interest, and the entire principal would remain unpaid. The State can not bond itself to pay it. What would become of that debt if the interest amounts to more than the amount provided to be deducted each year?

Mr. WAGNER. I would want to know whether we are talking about an academic question or a real question. I went into these figures some time ago and I know of no such case.

Mr. BARKLEY. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the senior Senator from Kentucky?

Mr. WAGNER. I yield.

Mr. BARKLEY. I suggest to my colleague that if that situation should develop the State would have no complaint. Only the Federal Government could complain, because if the Federal Government did not take out enough for the repayment of the loan each year, but only enough to pay the interest each year, then the State would not have anything to complain about.

Mr. WAGNER. What would happen would be that it would take a longer time to liquidate the debt.

Mr. LOGAN. The debt would be like the frog that jumped up 2 feet and fell back 3 feet trying to get out of the well. It never would be liquidated. My colleague says the State would have no reason to complain. The State would have reason to complain because it would be forced to repudiate the debt, and it would have that debt standing over its people, which they could not pay because it was illegally contracted and could not pay because the plan providing for its repayment in the bill will never repay it. My suggestion to the Senator from New York is if the rate of interest of 5 per cent will take more than the one-fifth which the State would get out of the road-building aid plan, then the rate of interest should be reduced until there may be a repayment.

Mr. WAGNER. The Senator is anticipating a request I was going to make. I think the rate fixed by the committee is entirely too high. I am going to propose a rate of 3 per cent. But I will satisfy the Senator before the day is over

that the question he raises is academic. I do not think in reality it can arise.

There is another provision in the bill by which a State may meet its obligations by amending its constitution if the constitution prohibits a loan, or by passing the necessary legislation if the loan may be acquired without amending the constitution, so we have the other method of payment by the State. I do not believe that any State will deliberately repudiate its debt to the United States.

Mr. LOGAN. I do not either.

Mr. WAGNER. I have that confidence in the integrity of our States.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from New York. The Chair understood that the Senator from Michigan [Mr. COUZENS] desires to be recognized on the amendment.

Mr. COUZENS. Mr. President, I would like to ask the Senator from New York just why the necessity for section 4 which he has just offered as an amendment, in view of the fact that the corporation has authority now to issue up to \$2,000,000,000?

Mr. WAGNER. Because I did not want to interfere with any prior act of Congress. Congress gave the power to the Reconstruction Finance Corporation to issue debentures up to \$1,500,000,000 for the purposes included in that particular legislation. I did not want to invade that particular territory, but to deal with it as a separate proposition. That is what I had in mind.

Mr. COUZENS. When the Senator from New York comes to take up his other bill with respect to lending to States for the purpose of enabling them to undertake the financing of self-liquidating projects, if the Reconstruction Finance Corporation act shall be amended so that that corporation may loan up to \$3,000,000,000, as he proposes, then I ask whether or not the point he has in mind would not in that way be taken care of? What I am trying to suggest is that we are going to have many series of issues apparently for specific purposes, and I think that that is undesirable.

Mr. WAGNER. We are dealing here with a separate proposition. I assume that the Congress wanted to deal with it separately. I have no pride about this matter. If, when the other bill is under consideration the Senate prefers to consider the question of conferring increased power on the Reconstruction Finance Corporation to issue additional debentures and to extend credit, I will not quarrel with that, but I think that as we deal with the subject we ought to deal with it completely. That is what I had in mind.

Mr. COUZENS. I thought that the Reconstruction Finance Corporation ought not to have out more than one kind of security. It seems to me, from reading this proposed amendment contained in the added section 4, there would be different kinds of securities out, securities under this section, securities under the original act, and securities under the act which is going to be proposed later on for the self-liquidating corporations, and I wondered why this should not be withdrawn.

Mr. WAGNER. I think now we are talking of form and not of substance. We are talking of a question of bookkeeping, which I do not regard as very important. If the Senator wants to propose an amendment to the amendment which I have offered so as to make the type of securities universal in their character, I shall not object to that. I repeat, however, we are talking about form, which does not interest me very much.

Mr. COUZENS. I am not so much interested in form, but I see no necessity for the amendment; that is what I am trying to demonstrate. I see no necessity for this amendment, in view of the fact that the Reconstruction Finance Corporation already have authority to issue \$2,000,000,000 in the aggregate; and if we pass the other legislation, most of which I favor, they would then have authority to loan up to \$3,000,000,000. So my query is, Why continue giving authority piecemeal to issue more securities? I am merely speaking against the amendment, not as to a matter of form, but I see no necessity for the amendment.



Mr. WAGNER. I am quite willing to let the Senate dispose of the question.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New York.

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I offer the amendment which I send to the desk, which I should like to have stated for the information of the Senate. I ask the attention of the Senator from New York to it.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 4, line 14, after the period, it is proposed to insert:

Nothing in this act shall be construed to authorize the Reconstruction Finance Corporation to refuse to make an advance to any State because of existing constitutional inhibitions upon the State or because the State has borrowed to the full extent authorized by State law. The amount for which application is made shall be immediately payable to the State upon the filing of the application and delivery to the Reconstruction Finance Corporation of the receipt required by section 3.

Mr. WAGNER. Mr. President, I make no objection to that amendment, and I accept it.

Mr. LA FOLLETTE. Mr. President, I should like to say just a word or two in explanation of the amendment. I am still concerned in my own mind as to the situation which will confront the States that have constitutional prohibitions against incurring debt. I am apprehensive, I am frank to say, that there may be difficulty even though the legislature of such a State should meet in special session and authorize the governor to make use of these funds, to be deducted out of future Federal-aid highway appropriations. What I seek to accomplish by this amendment is to prevent the Reconstruction Finance Corporation itself from passing on that question. I appreciate the attitude of the Senator from New York, who is the author of the bill, in not interposing any objection to the amendment.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Michigan?

Mr. LA FOLLETTE. I yield.

Mr. VANDENBERG. Does the Senator's amendment virtually negative the requirement for a certification of need?

Mr. LA FOLLETTE. No; it has no such intent, I will say to the Senator.

Mr. VANDENBERG. I thought, as I listened to its reading, that it required merely the automatic distribution of the funds on a population basis.

Mr. LA FOLLETTE. Oh, no. The only thing which the amendment seeks to accomplish, Mr. President, is to provide that the Reconstruction Finance Corporation shall not decline to make an advance to any State because of any constitutional provision in the State's organic law; and, secondly, it seeks to make directory the payment of advances upon the filing of the receipt provided for in section 3. It has no relation to section 2, may I say to the Senator from Michigan, which is one of the conditions that must be complied with by any governor before his State would be eligible either to a loan or to an advance.

Mr. WAGNER. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from New York?

Mr. LA FOLLETTE. I yield.

Mr. WAGNER. I am persuaded that the bill as it now reads does exactly what the amendment proposes to do; but if there should be any doubt, it would be cleared up by this amendment. It does not, I may say to the Senator from Michigan, interfere with the provision requiring certification by the governor.

Mr. WATSON. Mr. President, I should like to ask the Senator a question.

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Indiana?

Mr. LA FOLLETTE. I am glad to yield to the Senator from Indiana.

Mr. WATSON. Does the Senator's amendment negative altogether the idea of the money advanced being a loan?

Could it not by the terms of his amendment be converted into a straight gift to the State?

Mr. LA FOLLETTE. No; it does not do any such thing. May I say to the Senator from Indiana that this amendment will apply only to States which have constitutional inhibitions against the incurring of debt? If this amendment shall be agreed to, I intend to offer another amendment which in each instance in the bill will insert after the word "loans" the words "or advances." In other words, as I understand, the intent of this measure as reported is that, first, those States which desire to make agreements for loans with the Reconstruction Finance Corporation may do so, in which case the money advanced will be regarded purely as a loan and will be repaid according to such agreement as may be entered into between such States and the Reconstruction Finance Corporation.

Mr. PITTMAN. Mr. President, may I ask the Senator from Wisconsin a question?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Nevada?

Mr. LA FOLLETTE. I will yield in just a moment. The second method—provided, as I understand, to take care of States which are not permitted under their constitution to incur debt—is that the State may receive money in advance from the Reconstruction Finance Corporation which shall be paid back out of future Federal highway-aid grants. Therefore I merely wish to make perfectly clear in this proposed act that the legislative intent is that there are these two methods and to provide that the Reconstruction Finance Corporation shall not raise the issue as to whether a State is in a position under its constitution to incur a loan or debt. I now yield to the Senator from Nevada.

Mr. PITTMAN. Mr. President, as I understand the amendment, as it now reads, it is designed to prevent the Reconstruction Finance Corporation from passing upon the constitutional authority of the States receiving an advance.

Mr. LA FOLLETTE. The Senator is correct.

Mr. PITTMAN. I think the Senator's amendment would have been understood much better if he had first offered his amendment proposing to insert in various places the words "or advances." As that portion of this bill was originally prepared by the Senator from New York and those who assisted him, the word "loans" was not used; the money distributed through the Reconstruction Finance Corporation was treated solely as an advance because the committee had under consideration the legal questions that have been discussed here.

Mr. LA FOLLETTE. I think the word "grant" was used in the original bill.

Mr. PITTMAN. The word "grant" was used. However, I think the word "advance" is the proper word. I can not conceive how there can be any legal question if we treat it as an advance, because the Federal highway act is the authority for the Federal Government to advance the money to the States; the Federal Congress has the right to repeal that act any time they see fit, and they have then the right to reduce that amount any time they see fit. What they are doing is to make the States distributing agents for the Federal Government, and at the same time they are modifying the Federal aid highway act by saying, "At a certain date, if you accept this trusteeship, we are going to reduce that advance." So I really think the word "loan" ought to be stricken out of this measure all the way through and the word "advance" substituted in its place; and where reference is made to the interest rate the provision as to the interest rate should be stricken out, and we should authorize the deduction from future advances of road funds, not only of the principal but whatever interest may be agreed on.

Mr. COUZENS. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Michigan?

Mr. LA FOLLETTE. I yield.

Mr. COUZENS. I should like to ask the Senator from Nevada as to whether there is any real security in making the proposed loans payable from Federal-aid highway ad-



vances? In other words, those advances have to be matched by the States, and at any time that a State refuses to appropriate or feels that it has built sufficient roads and does not desire to build any more roads and just stops matching the Federal appropriation, of course, there is not any money coming to that State from the Federal Government.

Mr. PITTMAN. I will say to the Senator that there will be very few States during the next 20 years that will not be getting advances of money for highway construction. It will be understood that the act was passed in the first place on the theory that, after a road was built, from that time on the State should keep it in order; but the interpretation of the act has gone to the point of covering the rebuilding of roads at certain periods. As a matter of fact, every road now is rebuilt about every five years, and between the 5-year period it is kept up by the States at their own expense.

The committee, in talking over the matter with the Bureau of Federal Roads and after investigating this whole question, came to the conclusion that it was certain that there would be advances for a sufficient length of time to pay back this money with interest. That was our information.

Mr. COUZENS. But there is no legislation to that effect now.

Mr. PITTMAN. No; and Congress can legislate itself out of this loan.

Mr. COUZENS. Not only that but the States can legislate themselves out of paying back the loans.

Mr. PITTMAN. Undoubtedly they can legislate themselves out of it.

Mr. COUZENS. In other words, any time a State refuses to match the Federal money there is no money from which we can deduct these loans.

Mr. LA FOLLETTE. Oh, Mr. President, may I interject a suggestion at that point? If a State does not appropriate any money to match the Federal aid, then it will not be a deduction of one-fifth; it will be a deduction, so far as the net effect on the Treasury of the United States is concerned, of the entire amount to which the State would ordinarily be entitled.

Mr. COUZENS. Oh, no; that is not so, because the State would not have any money coming from the Federal Government until it had matched it; so that there would not be any sum from which to deduct.

Mr. LA FOLLETTE. But the point is we are interested, so far as the Federal Government is concerned, in the amount that is paid out.

Mr. COUZENS. Oh, no! In other words, the Federal Government's interest is in building roads and not in saving any money that might be coming due to the States. We do not enter this cooperative plan of road building for the purpose of either loaning money to the States or for the purpose of saving money for the Federal Government, but rather for the purpose of building roads; so that any time a State says, "We have all the roads we need; we are not going to match any more Federal funds," of course there would be no way of liquidating their loan.

Mr. PITTMAN. Mr. President, will the Senator let me answer that and sit down?

Mr. LA FOLLETTE. I confess I do not see the point made by the Senator from Michigan. I am glad to yield to the Senator from Nevada.

Mr. PITTMAN. I think the Senator from Wisconsin has practically answered what I had in mind, that the best advice we can get from the Federal Government is that there would be no question about the security; but I will say this: If there was a question about the security, then we find ourselves in the position that the distinguished Senator from Michigan raises in his own mind a legal question against the loan that makes it impossible, and then he turns around and raises a legal question against the advance that makes it impossible, when right now I venture to say that the President of the United States is being flooded with demands for immediate relief, and practically all of these questions have come down to some technicality by which we can do nothing.

I contend as a lawyer—I may be wrong, but I have a right to contend—that while on the loan theory under certain conditions this money might not be available, under the advance theory it is absolutely legal, because we simply make the State the distributing agent for this amount of money, and we deduct it in the future.

Mr. GEORGE. Mr. President, will the Senator from Wisconsin permit me to move to strike out the word "loans," on page 2, in line 10, and insert in lieu thereof the word "advances"?

Mr. LA FOLLETTE. Mr. President, I stated before the Senator rose that I had an amendment which I intended to offer following the action upon this amendment, which in each instance throughout the bill would insert, after the word "loans," the words "or advances."

Mr. GEORGE. I was asking to make that amendment because there was one other that I wished to propose before the amendment which the Senator now offers is voted upon; but if he prefers to have a vote upon his amendment, very well.

Mr. LA FOLLETTE. Mr. President, responding to the suggestion made by the Senator from Nevada, I think I shall withdraw this amendment temporarily, and offer an amendment to insert the words "or advances," and let us pass on that question first. I have no desire, however, to interfere with any amendment which the Senator from Georgia thinks should be acted on prior to this one. Therefore, I will not offer it at the moment.

The VICE PRESIDENT. The Senator withdraws his amendment.

Mr. GEORGE. Mr. President, I am quite willing for the Senator from Wisconsin to offer it; but I had in mind offering the amendment in this form—that beginning on page 2, at line 10, the words "or advances" be inserted following the word "loans."

Mr. LA FOLLETTE. I have an amendment which will do that all the way through the bill.

Mr. GEORGE. But will the Senator permit me to ask him if his amendment strikes out the word "loans," or does it merely insert "or advances"?

Mr. LA FOLLETTE. No; it inserts "or advances" after the word "loans."

Mr. GEORGE. I am quite willing for the Senator's amendment to be acted upon, then.

Mr. LA FOLLETTE. I offer the amendment.

The VICE PRESIDENT. The Senator from Georgia withdraws his amendment, and the Senator from Wisconsin proposes the amendment stated by him.

Mr. JOHNSON. Mr. President—

Mr. LA FOLLETTE. I yield to the Senator from California.

Mr. JOHNSON. Why not strike out the word "loans" altogether?

Mr. LA FOLLETTE. If the Senator will look at the printed amendment, that is what I intended to do; but after conferring with the Senator from New York and the Senator from Nevada and the Senator from Michigan, they convinced me that it was desirable to leave the word "loans" in for the purpose of permitting States that desired to do so to enter into an agreement with the Reconstruction Finance Corporation to make loans which will not be deducted from future highway funds.

Mr. JOHNSON. Could they not enter into such an agreement just as well regarding advances, or if the money were extended in any other form than by a loan? The use of the word "loan," as the bill now stands, is a mere protective coloring, it strikes me, and is of no value at all.

I do not press the question. It is a mere question that I asked.

Mr. WALCOTT. Mr. President, I agree with the Senator from California that the word "loans" is a rather slim protective coloring; but it may add a little bit to the dignity of some of the States, because there are a good many States that would prefer to look on this whole transaction as a collateral loan. The word "collateral" is in no sense



expressed in the bill, but it may be implied by reading here on page 3, commencing with line 6:

Whenever any such deduction is made the Secretary of the Treasury shall immediately pay to the Reconstruction Finance Corporation the amount so deducted. Such deduction shall not be made with respect to any State which, within a period of two years from the date of enactment of this act, shall enter into an agreement—

This is the important point, and this implies a definite loan and might be construed to imply even a collateral loan—

shall enter into an agreement with the Reconstruction Finance Corporation for the repayment of the amount of the loan or loans to such State with interest thereon as herein provided, in such installments and upon such terms—

And at the appropriate time I should like to offer an amendment to insert the words, "and at such rate of interest," because, in my opinion, if it is going to be a loan, the rate of interest stated in the bill, 5 per cent, is too high—

as may be agreed upon between such State and the Reconstruction Finance Corporation.

The PRESIDING OFFICER (Mr. REED in the chair). The amendment of the Senator from Wisconsin is pending; so the amendment suggested by the Senator from Connecticut would not be in order at this time.

Mr. WALCOTT. No, Mr. President; I said that at the appropriate time I would offer that amendment. I am speaking to the amendment of the Senator from Wisconsin.

I see no objection to using the words "or advances"; but I believe it is quite important to keep the word "loan" or "loans" wherever they may appear in the bill, because of the feelings of certain States, and because of the particular clause which I have just read, which distinctly implies a loan rather than an advance.

Mr. LEWIS. Mr. President, I should like the attention of the Senators who have given definite study to this bill.

I beg to say that in the State of Illinois, which I have the honor to represent in part, we have a number of institutions which are themselves incorporated, separate municipalities, some of which are in the city of Chicago, some of which are in different parts of the State. I am moved to note that under this bill the loan is fully administered by the governor, under his direction or upon his responsibility; but I see a complete absence in the bill of any authority on the part of the governor to advance any part of the loan to any of the political subdivisions of the State or of the cities in the State.

I take the liberty to suggest, for the consideration of the gentlemen having charge of the management of the bill, that on page 4, line 14, following the phrase "Any funds made available to a State pursuant to this act shall be administered by the governor, or under his direction, and upon his responsibility, subject to the laws of the State," there be added the following words:

Nothing herein forbids the governor of any State advancing a portion of the loan to any department or separate political organization of the State.

Mr. WAGNER. There is no objection to that.

Mr. LEWIS. If that is acceptable, I will put it in a little more definite form.

The PRESIDING OFFICER. The amendment can not be offered at this time, because there is an amendment pending.

Mr. LEWIS. I was unconscious that I was intruding upon that. Then at the proper time I will return to the question and present the amendment anew.

Mr. LOGAN. Mr. President, I think the amendment of the Senator from Wisconsin is very important. At least, it affects my State, because I am quite sure that Kentucky would have no desire to accept any money when it knew it would not be able to repay it; and I believe the Reconstruction Finance Corporation would be justified in refusing to make any loans to any State when there was an inhibition in its constitution against its burdening itself with further indebtedness.

While I have the floor, however, I desire to take a few minutes' time to express my views about this entire legislation.

This bill has been prepared by Senators in whose judgment I have great confidence. They are leaders on this side of the Chamber, and I assume they have been assisted by some of the leaders on the other side of the Chamber; and, after all, I might well be guided by their judgment. But there are some things so fundamentally wrong in the entire proposal that I beg to state my opinions about the questions involved in this legislation.

I think it would be far better if we proposed to make a donation to the States, and did not attempt to conceal our act in verbiage and by provisions which do not mean very much.

I am not unmindful that there is more suffering in the Nation to-day than at any time since its foundation. I am not unaware that millions of children are crying for bread while the mothers, pale and wan, can only pray, although more than half believing that God has turned His face away. I can but hear the tramp of millions as they vainly seek for work, with downcast eyes and lagging steps, wondering why men must suffer and women must weep, while their children starve.

Indeed, the situation is one calling for the best thought of the best minds of all the people of the Nation; but without there must be sober judgment. It is better that great fortunes disappear, that industry vanish away, that hunger prevail, than that the Nation be destroyed, or its life greatly endangered.

Natural laws can not be created, repealed, or modified by legislation. Congress should know there are many things which it can not do. It can not legislate prosperity into the Nation. About all that it can do is to regulate the relationships of the people the one toward another under rules that are fair, and allow them to work out their own salvation.

It is now proposed to make the Federal Government the guardian of its citizens. If that should be done, the Nation soon must perish. There can only be a free nation when the people themselves are free and administer the government which they have set up to protect their rights. Where the general government must provide work, and incidentally food and clothing for its citizens, freedom and individuality will be destroyed and eventually the citizens will become serfs to the general government. They are no longer free and they no longer support the government when they look to the government to support them. The government then becomes an absolutism. It can support its citizens only by going into private business for profit, with the resulting destruction of all private profits.

The General Government has fallen into hard lines. Its citizens can not support it easily, so it is proposed to reverse laws formerly thought to be sound and go into the business of supporting citizens apparently with little understanding that the Government is but a collection of all the people. If the people, therefore, at this time can not support the Government, how can it be reasonably said that the Government can support the people?

It is proposed that the Government embark upon a great program to give aid to the unemployed. This sounds well when so stated, but it will not work. It can not work, because it is an effort to reverse the operation of a fundamental law. The plan admits that the Nation is burdened with debts and it is attempting to make the debts less irksome by creating more debts. The States, counties, and municipalities are now indebted beyond their ability to pay, so the plan is that they shall cure their ills by heaping up more debts. Debts must be paid or repudiated. If they are paid, the burden must rest upon those least able to pay. The many must pay because they have no way to protect themselves from the exactions in the form of taxes.

We have recently talked much about taxes and taxation. There are wise men who believe that the rich and powerful can be taxed and the poor may be allowed to escape. Their belief is a delusion. Taxes always sift downward until they



find lodgement on those least able to bear them. That is one reason why the many stay poor and the few are rich. The poor largely support the Government. A great blessing will come into the world when they are made to understand that the people but add to their own misery when they induce their Government to make appropriations of money supposedly for their benefit.

The plan now before us for the relief of a distressed people and to bring prosperity to a prostrate Nation is like unto a farmer who finds that he can not pay his interest, his bills for necessities, or the expenses for the education of his children, and says:

I am broke and bankruptcy seems just around the corner, but I know how to remedy my condition. I will pull down my old barns and build new ones. I will place a third mortgage on the old homestead, obtain more money, increase my interest charge, hire more men to till the farm, and erect new buildings.

The intention of such a farmer may be good, but his neighbors would say of him that he was crazy.

Or the plan is like unto a certain railroad which found that it could not earn anything available for betterments, interest, or dividends. Its board of directors decided that it would increase wages, employ more men, double track its system, and pull down its old depots and build new ones. Such a board of directors would be deservedly censured by the angry stockholders of the corporation.

Or the plan before us is like unto a certain merchant who found that his sales had fallen off until he could not pay his bills, and who said:

I will buy more goods and put up a new storehouse, and I will sell more goods on credit.

His end would soon be in the bankruptcy courts.

The Senate of the United States has greater responsibilities than any like number of men in the world. No plan or chart for the Nation can be devised without the approval of a majority of the 96 men who constitute the Senate. The happiness and prosperity of the people of the Nation depend upon what the Senate does, and the happiness and prosperity of the world depend largely on how we chart the course of our own Nation. The responsibility of a Senator is, therefore, great. He should never fail to act as one having upon him large responsibilities. With these vast responsibilities resting upon the Senate, what is the real problem confronting us? The revenues of the Nation have dried up as the streams in a great drought. The prospects are that we will derive no more revenue in the years of the immediate future than is necessary to pay those charges which can neither be reduced nor eliminated. The interest and amortization of the public debt and the obligations to veterans already incurred aggregate about \$2,000,000,000. If it takes all of our revenue to discharge these obligations there will be nothing left with which to pay the ordinary running expenses of the Government. The Nation, therefore, is in the plight of the farmer, the railroad, and the merchant I have mentioned. The wisdom of the Senate may determine that we should do that which in the business world would cause those acquainted with our acts to regard us as unfitted for the high trust which has been vested in our hands. What I am saying will not be popular, but it is the truth. Believing that I am right, I dare to stand alone if necessary. I would prefer to follow the right course alone than to follow error with a multitude.

I would not have it understood that I am unwilling to vote for a measure that will aid in bringing relief to those who are suffering through no fault of their own. If we must relieve distress, and I think we should, let us do it boldly, and make such a donation out of the Treasury as the necessities of the occasion may require.

It is true that we may carry on a great program of public works by selling bonds, but with falling revenues interest rates will have to be increased if the bonds are not to fall far below par. Even with increased interest rates we can not continue to sell bonds indefinitely. I have heard it suggested that because of our vast values represented by the assets of the people of the Nation there is almost no limit to the amount of money we can raise through the sale of bonds.

That is a fallacy. We can maintain the credit of the Nation only so long as we can meet all of our obligations by reasonable tax rates. When we are forced to go above rates that are reasonable, then comes confiscation, and a nation can not long exist when it must confiscate the property of its citizens to pay its debts.

There is a greater reason however, why the proposed legislation is dangerous. Centralization of power is the greatest danger that confronts any republic. The downfall of free governments, if I understand history aright, has been caused by the centralization of the power of administration. Generally the greater the power placed in the hands of the administrators the less the power of the people, with a necessarily corresponding reduction of rights, or the limitation thereof. With every step in centralization of power there must be the surrender of rights by the people, and if the process is carried far enough government by the people ceases and government for the people becomes supreme. It is then that free government, as we understand it, ceases to exist.

The downfall of free nations in the past may have been contributed to by lack of the federal principle and the failure to divide the powers of government into branches, each acting as a check upon the other; but the prime cause has ever been the centralization of power in the hands of officials who, through errors, shortcomings, or corruption, have trespassed upon the rights of the citizens until disaster came, bringing with it ruin.

That which has happened to free nations of the past will recur when the same or similar conditions prevail. Centralization of power eventually brings its ruthless exercise, and always to the detriment of the public welfare, resulting in injustice, inequality before the law, the creation of poverty, misery, and unhappiness, and when pressed too far will bring violent revolution and the destruction of all functions of government. At such a time it is not a dictator we need, whether he be an Alexander, a Caesar, a Napoleon, or a Mussolini, but the need is for the decentralization of power and the restoration of rights to the people. Those who have been favored with power, position, or wealth should not forget these first principles of statecraft.

The makers of our Constitution were men not unacquainted with the history of nations. It has been said that there is little new in that instrument other than the federal principle. It was the application of age-old principles to new problems. Knowing the weaknesses of the free governments of the past, the makers of our Constitution sought to guard against these same weaknesses. It was in their minds that they must build bulwarks against the centralization of power in the hands of the officers of the Federal Government. It was therefore provided that the powers of government should be divided into three coordinate branches, and that, in so far as possible, each should be independent of the other. The powers of the Congress were limited and strictly defined, as were the powers of the judicial and executive branches. It was thought unwise to allow the President to do more, so far as legislation was concerned, than to point out to the Congress the state of the Nation from time to time, leaving it wholly to the Congress to find solutions for the problems needing attention. When a solution was found and expressed in an act, the President was given power to show his disapproval by a veto.

It may be that it was well that the makers of our Constitution could not lift the veil that shut out a view of the future, else in looking down the aisle of time to the present day they might have desisted from their noble work, believing it would be nullified by the centralization and abuse of power.

The makers of our Constitution provided in it that certain powers should be conferred upon the general Government. It was given the power to raise revenue to carry on the affairs of the Government within constitutional limits; to regulate commerce; to declare war or make peace; to provide an Army and Navy; to coin money, and to regulate the comity and intercourse of the several States. These powers were hedged about with restrictions, and the Federal Gov-



ernment was given no other power through any of its branches. All other powers were reserved to the States. The reservation of those powers was safeguarded with jealous care. It was expected that the States would function as sovereigns, fully exercising every power and right save those surrendered to the General Government. It was intended that the weight of the Federal Government should bear lightly on the States. The States delegated to the Federal Government certain functions that it could best perform for the common good of all of the States. All other matters were to be looked after by the States.

The Constitution was not adopted without a struggle between those, on the one side, who believe that centralization of powers in the General Government was highly essential and those, on the other side, who believe that the powers of the General Government should be severely restricted. Those who favored the former view did not succeed in the convention, and the States ratified the Constitution as submitted, at the time believing that the reserved powers should be more clearly defined. Hence the submission of the first 10 amendments by the First Congress. Each of those amendments conferred powers and rights upon the people. In fact, no amendment has ever been adopted taking rights from the people and conferring them upon the general Government save one, the eighteenth.

The shades of Jefferson and Hamilton have continued their fight over the theories of government that divided them when they lived. Jefferson's theories prevailed for more than three-quarters of a century, and generally during that period the people were ever vigorous in defense of the rights vested in them by the Constitution. But the rights of man can be maintained only by eternal vigilance, and the sentinels on the watchtowers finally slumbered. Gradually at first, and with more rapidity later, the Hamiltonian theories replaced those of Jefferson, until the theories of Hamilton largely prevail at this time. The reserved powers and rights have been invaded and almost entirely swept away. The sad part of the story is that the States have consented to their own ravishment. They have, in a large measure, surrendered their sovereignty in consideration of gold appropriated out of the Federal Treasury, and in their eagerness to obtain it they have increased taxes and debts until they are deluged with evils which they at one time thought were blessings. The powers of the States have become paralyzed because of their failure to exercise them. They have tasted the fleshpots of the Nation's Capitol and year after year they return and, like Oliver Twist, they hold out their porridge bowls and ask for more.

And the voice of Jefferson is stilled. His spirit walks no more. The Hamiltonians, like Jeshurun, have waxed fat and kicked.

A Member of Congress is too often judged back home by what he has been able to obtain in money from the Federal Treasury for distribution among his constituents. If he gets much, he is an able Member; if he gets little, he is weighed in the balances and found wanting. Neither should the Members be blamed too harshly for their activities in securing appropriations for their constituents. Many Members must abhor it, but when it rains money they would be subject to censure if they did not turn their plates right side up.

We have followed wrong theories of government until we have brought about the conditions which destroy free governments. The Nation will struggle along for a while with its ever-increasing burdens, but unless we chart a different course and sternly walk therein the Nation will fall as others have fallen. Decentralization of power and the exercise of their sovereignty by the States is the remedy whereby salvation must be found. The Federal Government should look after Federal matters and the States should look after their own affairs. That is the road back to the place where we lost the way.

When the Israelites had forsaken their laws and thereby brought great tribulations upon themselves; when they were eating of the bread of adversity, as we are now, and had lost the way, as we have, the old prophet said to them:

And thine ears shall hear a word behind thee saying, "This is the way, walk ye in it; when ye turn to the right hand and when ye turn to the left!"

So should it be with us in this dark hour. The word of our fathers is behind us. They knew the way. All along the road there are voices—deceptive voices—calling us to turn to the right or to the left and follow in a new way. When we consider a turning, let us listen to the word behind us, because it contains the wisdom of the ages.

We need to consider at this time the problems that confront us fairly and dispassionately. It is useless to discuss the party responsibility that has brought this evil day. Our great task is to solve the problems and talk about blame or credit thereafter. It is enough to say that during the past few years we have sailed the ship of state in a sea of glory—dreaming the while rainbow-tinted dreams. But the dreams are ended, we have awakened, and there is a gray mist on the sea's face and a gray dawn breaking.

There has been much talk about the departments, establishments, bureaus, boards, and commissions. Indeed, there are far too many of these; but I do not rail at them. Congress created them. There is no denying that as long as they function they must be supported by appropriations. Many of them exist because of the centralization of powers in the Federal Government. We should gradually withdraw all appropriations now made to the States and make no new ones. If we follow that plan we will be able to reduce the expenses of government by abolishing the instrumentalities now engaged in rendering aid to the States.

The Congress has been making appropriations conditioned upon the matching of the appropriation by State legislatures for this, that, and the other project. As a result, the States have incurred indebtedness and increased taxes, believing that they would lose their part if they neglected to take advantage of the offer made them by the Congress. The carrying out of the joint enterprise has been the chief cause of the many bureaus now in existence at Washington, and bureaus are always certain evidence of the centralization of power.

Some vote for these appropriations to the States on the ground that a few of the richer States pay the greater part of the taxes, and that the appropriations for the building of roads and other State-aid projects is a justified redistribution of wealth. It would be far better if the laws should be such as to prevent any groups receiving, in the first place, more than a fair proportion of the earned wealth of the Nation. If it has been through the favoritism of law that the citizens of certain States have acquired great wealth it does not seem to me that the distribution of wealth by making appropriations to the States can therefore be justified. It is true that some of the States receive more money from the Federal Treasury than they pay into it, and it may be admitted that it is difficult for some of the States to take care of the governmental expenses incident to the conduct of their governmental affairs. None of these things justify the appropriation of money directly to the States and the resultant creation of bureaus to look after its expenditure.

The cost of all government in the United States has grown to such immense proportions that everyone agrees that there must be a reduction. The people in the smaller units of government are clamoring for a great reduction in the expenses of operating the Federal Government. No doubt the expenses of operating the Federal Government should be very greatly reduced, but relief can not come to the people solely through the reduction of the expenses of the Federal Government. The people need to economize in the local units. In 1923 the cost of local government—that is, counties, townships, and municipalities—was \$4,793,000,000. That cost increased every year until 1932 when it was \$8,292,000,000, or an increase of \$3,499,000,000, which means that the expenses of local government for the 10-year period increased 73 per cent. In 1923 the cost of State government was \$1,242,000,000. That cost steadily increased until 1932 when it was \$2,364,000,000, or an increase of \$1,122,000,000, which means an increase of 90 per cent during the 10 years. In 1923 the cost of the



Federal Government was \$3,885,000,000, which had increased to \$4,434,000,000 in 1932, or a net increase of \$549,000,000, which means an increase of 14 per cent for the 10-year period.

Mr. WALSH of Massachusetts. Mr. President—

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Kentucky yield to the Senator from Massachusetts?

Mr. LOGAN. I yield.

Mr. WALSH of Massachusetts. In connection with the figures the Senator has just presented, may I remind him that I introduced in the RECORD yesterday a letter from the Secretary of the Treasury showing that the interest payments made by local governments annually now amount to a trifle over \$1,000,000,000, and the interest payments on loans of the United States Government, State governments, and local governments, approximate \$2,000,000,000 annually?

Mr. LOGAN. That is true. I am very glad the figures were placed in the RECORD, because we ought to make the people of the United States realize that we can not relieve them of very much of their tax burdens even if we abolish all the departments and bureaus in Washington. It is not possible. The heavy burden is in the local governments and the State governments.

Mr. WALSH of Massachusetts. Incidentally, it might be added that all of that interest which is being distributed annually passes practically untaxed.

Mr. LOGAN. Yes; nearly all of it.

So far as tax burdens are concerned and the cost of Government, it will be seen at a glance that it is the local and State governments that have increased their cost most rapidly. The cost of all government for the present fiscal year will aggregate, according to the figure given above, \$15,090,000,000. If the entire expenses of the Federal Government should be eliminated, the cost per capita of local and State governments would be above \$88. It is well for the people to insist that Congress cut down expenses, but they ought to be told that the tax burdens can not be greatly lightened if nothing more is done than to reduce the expenses of the Federal Government. They must commence at home and see to it that reduction is made in the cost of local government and State government.

It must be admitted, however, that the example of the Federal Government in distributing its funds with a prodigal hand has encouraged State and local governments to increase their expenses. High income-tax rates have contributed much toward the cost of these governments. In seeking for tax-exempt securities encouragement has been offered to States, counties, cities, and municipalities to embark on the expenditure of money for projects in many instances not absolutely necessary. The ability of these governments to sell bonds at a low interest rate has contributed greatly to their present unfavorable condition. The favorable terms on which the bonds could be sold has been brought about largely by reason of high income taxes which have caused those seeking a way to avoid them to search diligently for securities exempt from such taxes.

It is now proposed that we go farther than we have ever gone before in assuming the functions of the State and local governments. I do not think we should take this further step. It is a violation of fundamental principles, and however great the need the evil which will flow from it will be greater than any good that can be derived.

It may be well argued that the people must have relief. That may be admitted; but it would be a lesser evil if, representing all the taxpayers of the Nation, Congress should make a donation, through proper channels, to help relieve suffering. Individuals are called upon to do so, and their contributions have not been sufficient; and while it may be wrong in principle, yet with the needs so great an appropriation for direct relief might be justified.

Mr. WAGNER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from New York?

Mr. LOGAN. I yield.

Mr. WAGNER. I take it the Senator's attitude is that the whole appropriation should not be in the form of a loan or an advance, but a direct gift to the States?

Mr. LOGAN. I will say to the Senator from New York that under the great emergency which exists, the need makes it imperative that we shall violate some fundamental law of government, and instead of covering matters up by making it appear that it is a loan to the States, when in truth it is not a loan to the States, because it is not expected the States will ever pay it back unless the Government gives them the money to return, the proper thing to do would be to make a direct appropriation and allow the governors, through the State agencies, to distribute the money to suffering people as a gift.

Mr. WAGNER. The reason why I ask the question is not because I am quarreling with the Senator's philosophy. I voted for the direct-gift plan when we had up that proposal.

Mr. LOGAN. So did I.

Mr. WAGNER. Yes; I know the Senator did. In analyzing the vote I decided that a majority of the Senators were opposed to a gift and in favor of some form of a loan. It was for the purpose of composing the difference which divided us here that this proposal was advanced.

Mr. LOGAN. I realize, may I say to the Senator from New York, that the man who has a goal out in front of him and wants to get there sometimes must walk a tortuous path, because he must take into consideration conditions as they exist and not as he would have them. I fully understand that.

We have read through the newspapers and heard through many public speeches the words "dole, dole" until Congress has become afraid and Senators, I think, apprehend that they might have some difficulty in explaining that they had voted for that which is called a dole. Indeed, it would not be a dole. It would be a donation, just as the Senator makes a donation to welfare out of his pocket. We represent the people. When the people are unable to feed the hungry, then, instead of having these voluminous plans which will absorb much of the money that ought to go to feed the hungry, let us give it direct, boldly admitting that it is fundamentally unsound, but that events justify it.

Mr. LEWIS. Mr. President, permit me to say to the Senator from Kentucky [Mr. LOGAN] and to the Senators who have listened, I am sure, with admiration to the Senator from Kentucky, that the Senate expresses a legitimate obligation for the historical and fundamental treatise of the eminent Senator from Kentucky. I might say, sir, harking us back to those fundamentals of governments, ancient and modern, fulfilling at this time the necessity of complying with the sacred doctrine and admonition of the fathers crying out now unto us, "Remove not the ancient landmark thy fathers have set."

But I wish at this moment, sir, to ask if the amendment which I offered is timely now, or has the Senator from Wisconsin disposed of his amendments, which would make this the appropriate time for me to offer my amendment?

Mr. LA FOLLETTE. Mr. President, I have not yet had action on the amendment pending, and as soon as that is disposed of I desire to offer the other amendment which I have printed and lying on the table.

Mr. LEWIS. I must admit, sir, that my amendment is subordinate in time to the two amendments of the Senator from Wisconsin. I bide my time until he has concluded.

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent that the amendments now pending may be considered and voted on en bloc.

The PRESIDING OFFICER. The Senator from Wisconsin asks unanimous consent to have the amendments considered and voted on en bloc. Is there objection?

Mr. BULKLEY. Mr. President, I ask that the amendments be stated.

The PRESIDING OFFICER. The amendments of the Senator from Wisconsin will be stated for the information of the Senate.

The legislative clerk again read the amendments.



The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin to vote on the amendments en bloc? The Chair hears none.

The amendments were agreed to.

Mr. LA FOLLETTE. Mr. President, I now offer the following amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 4, line 14, after the period insert the following:

Nothing in this act shall be construed to authorize the Reconstruction Finance Corporation to refuse to make an advance to any State because of existing constitutional inhibitions upon the State or because the State has borrowed to the full extent authorized by State law. The amount for which application is made shall be immediately payable to the State upon the filing of the application and delivery to the Reconstruction Finance Corporation of the receipt required by section 3.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. COSTIGAN. Mr. President, the amendment of the Senator from Wisconsin furnishes as good an opportunity as any other for brief reference on my part to the subject now before the Senate. It was not my purpose to speak on this occasion. My interest in the main subject, however, is of such a character and was evidenced so early in the present session that I do not feel warranted in voting without indicating some serious defects, which, in my judgment, inhere in the proposed legislation and the true legislative path Congress should now pursue.

In so saying, as already stated to the Senator from Missouri [Mr. HAWES], I have no disposition to halt or interfere with any reasonable effort which will extend relief in this critical hour to the stricken people of the United States. The emergency is so great, the necessity for the relief of suffering so compelling, and the obligation resting on the Government of the United States so primary, that no one here is justified in delaying even for a moment on purely technical ground any effective Federal relief. Certainly we all rejoice that legislation which was taboo in January is sanctified in June. However, in fairness to the permanent reputation of some Members of this body, it should be emphasized as already in some measure suggested by various tendered amendments, that the bill sponsored by the able Senator from New York [Mr. WAGNER] and his colleagues lacks both adequacy and safeguarding administrative features.

Sensors on this floor to-day have properly pointed out the subterfuge resorted to by provisions in the pending bill for "loans," when in essence it must be the underlying intention of Senators who are behind this proposed legislation really to authorize grants, with a view, no doubt, to ultimate cancellation of such obligations as are for the time being to be imposed on future Federal highway funds of the several States.

Mr. KING. Mr. President, will the Senator from Colorado yield to me?

Mr. COSTIGAN. I yield to the Senator from Utah.

Mr. KING. I have been present during the entire discussion, and I am somewhat amazed at the statement made by the Senator, because I had supposed that it was fully understood that the advances to be made under the proposed legislation were to be regarded as loans which ultimately must be paid by the States, either in direct appropriations or to be subtracted from the road funds which might be allocated to them. If this bill provides for a direct gift to the States, and we are guilty of a subterfuge, to use the Senator's language, I should be disposed to vote against it. At any rate, I should find very great difficulty to reconcile with my judgment and my conscience the approval of a bill that called for direct gifts to the States, because it must be evident that the money is to come from the people of the various States; we have a dual form of government, and there are obligations resting upon the States. I see no reason, if ample time shall be given to the States and ample opportunity shall be afforded to them to make payment to

the Government, why we should say the money to be advanced under this bill is a gift to the States. Therefore I inquire of the Senator whether he interprets the bill to provide for gifts and whether he thinks that back of it is the intention to cancel any obligation whatever upon the States to make return to the Government?

Mr. COSTIGAN. Mr. President, the Senator from Utah must and doubtless will follow his judgment and conscience as a legislator, but anyone who has observed the course of the arguments this morning, together with amendments already approved, must conclude that, so far as practicable, the Senate is now engaged in the task of separating itself from the announced Federal purpose of this bill to make loans by substituting "advances" to the States. Indeed, the absurdity and injustice of the loan proposal have not been made manifest for the first time on this floor this morning. Months ago the constitutional inhibitions barring many of the States of the Union from contracting indebtedness by way of loans for the relief of individuals were demonstrated to the Senate. Constitutional clauses of State after State of the Union have been drawn to our attention. As a practical matter loans of the character provided for in the bill are idle gestures toward some of the States, except on the assumption that the loans are grants in aid and that deductions from future road funds will ultimately be forgotten.

A State presumably does not escape its constitutional obligation with respect to loans by agreeing to future deductions from a road fund or any other property interest of the Commonwealth. The loan is still a loan. Indeed, if I correctly gathered its meaning, the purpose of the amendment of the Senator from Wisconsin, now pending before the Senate, is to remove from the States which have such constitutional restrictions as have been mentioned the duty of pledging the credit of the State for unemployment relief purposes.

I come back, therefore, to my original suggestion that we have here an effort on the part of the framers of this proposed legislation under the form of loans to make, in substance, grants of Federal funds to the States. In any event, in the long run I have no doubt, if the course now mapped out shall be followed, and certain States take what are termed loans, while other States receive what they consider unconditional gifts, however camouflaged, such unequal conditions will be created that Congress, if only under the pressure of equity, will ultimately feel constrained to cancel all obligations so initiated. Nor do some of us who for six months have urged national remedies for a national economic calamity, comparable to the scourge of pestilence or war, shrink in the slightest from a frank advance acceptance of the realities.

By way of further comment, if we adopt literally and seriously the policy of providing for deductions from future Federal highway funds, we are destined to do serious damage to combined Federal and State road-building programs in various sections of our country. It goes without saying that such a development would be unfortunate.

Some other features of the measure fall short of desirable legislation. For example, the amount now sought to be appropriated, however, determined under presidential guidance, falls far short of the needs of the country. Even more unfortunate, there are no safeguards in the bill insuring that the appropriated funds will be distributed where most needed, with full utilization of the knowledge, experience, and efficiency of trained social workers. Emphasis on the view that the States are to receive loans from the Federal Government without Federal guidance, supervision, and restraint customary in laws authorizing Federal aid to States suggests to the States freedom to do as they see fit with funds so contributed by the Federal Government. Moreover, the pending bill unfortunately allocates all appropriated funds on the basis of population, ignoring the crying importance of a reserve fund available for human need in regions without resources and for the army of transient and homeless wanderers for whom local communities are disposed, wherever possible, to deny responsibility.



Mr. DAVIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Pennsylvania?

Mr. COSTIGAN. I yield.

Mr. DAVIS. I am in receipt of a letter from the Governor of Pennsylvania which sets forth that the attorney general of the State has advised the governor that there are but two methods by which the appropriation contemplated in the Wagner bill may be rendered available for work relief in Pennsylvania, because our constitution prohibits the making of loans without a vote of the people. As to these two methods the letter states:

They are—

1. To have the Federal Government itself construct in Pennsylvania projects self-liquidating in character, instead of lending the money to Pennsylvania to construct such projects; or

2. To have the Reconstruction Finance Corporation itself construct these projects.

Only by amending our constitution could the State be authorized to borrow money from the Federal Government or otherwise, and amendments can not come before the electors of this State earlier than the election to be held the first Tuesday after the first Monday in November, 1933.

So, under the provisions of the Wagner bill, the State of Pennsylvania would be prevented from borrowing money from the Reconstruction Finance Corporation.

Mr. COSTIGAN. Mr. President, the Senator from Pennsylvania was out of the Chamber prior to the adoption of certain amendments offered by the Senator from Wisconsin [Mr. LA FOLLETTE] designed so far as possible to correct the objection raised by the attorney general of Pennsylvania. The words "or advances" have been added to the word "loans" in the bill of the Senator from New York, and there is now pending before the Senate an amendment offered by the Senator from Wisconsin designed, as I interpret it, to relieve the States, if and when they accept Federal aid, from the State constitutional ban against pledging State credit.

Mr. DAVIS. I want the Senator to understand that I am friendly to this measure; and what I wanted to do was to have it so framed that Pennsylvania might enjoy under it the same benefits that will accrue to other States.

Mr. COSTIGAN. Doubtless the humane Senator from Pennsylvania is seeking what other Members of the Senate desire at this time; and my own criticisms of the bill are directed solely to establish that, though the purpose of the pending bill is meritorious, it is highly desirable that adequate and far better safeguarded legislation be enacted than is here presented.

I shall say little more concerning standards of administered relief which ought to be supported in this projected legislation. Those standards were fully maintained in bills, subsequently combined, presented to the Senate last January by my friend the Senator from Wisconsin and myself and discussed at that time in much detail. Too many of those safeguards are lacking in the bill now submitted.

The Senator from Pennsylvania, of course, need feel little concern, I assume, so far as his Commonwealth is involved, because the governor there, whose disinterestedness is known, will doubtless turn the funds wisely toward human relief; but it is entirely conceivable that in other parts of the country urgent needs of individual groups of citizens for financial assistance may outweigh the needs of the unemployed. I venture, therefore, to urge the attention of the Senate while there is time to the lack of safeguards with respect to the State distribution and use of these funds.

Such distribution, so far as possible, should be through established and trusted State public welfare agencies, yet the bill is silent in that respect.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. COSTIGAN. With pleasure.

Mr. DAVIS. When the funds are turned over to the State, does not the Senator think it would be advisable for the governor, where there are relief agencies in the several communities, to turn over the money to them?

Mr. COSTIGAN. Without question, in my judgment, the funds, wherever practicable, should be distributed through established welfare agencies under the administration of trained social workers.

Mr. DAVIS. I am in hearty accord with the Senator.

Mr. COSTIGAN. For the reasons assigned, sir, without further elaboration of my views—with which the Senate has long been familiar—it is my intention before the bill of the Senator from New York is submitted to the Senate, to offer for consideration, by way of substitute and for the sake of the permanent Record, another bill now pending before this body.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. THOMAS of Oklahoma. Mr. President, may we have the amendment stated?

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, line 14, insert the following:

Nothing in this act shall be construed to authorize the Reconstruction Finance Corporation to refuse to make an advance to any State because of existing constitutional inhibitions upon the State or because the State has borrowed to the full extent authorized by State law. The amount for which application is made shall be immediately payable to the State upon the filing of the application and delivery to the Reconstruction Finance Corporation of the receipt required by section 3.

Mr. THOMAS of Oklahoma. Mr. President, in my State we have a constitutional prohibition against the State's borrowing funds in excess of \$400,000 save through and after a direct vote of the people. In other words, the legislature must propose the form of loan, it must be referred to the people at an election, and the electors must express themselves in favor of the loan before it can be legally made. Therefore the terms of this bill would make available the sum of only \$400,000 to my State as its provisions are now formed.

I think I understand the provisions in the form of the amendment submitted by the Senator from Wisconsin. To the end that my interpretation may be stated, I submit the text of an amendment and ask that it be stated for the information of the Senate. After it is read, I desire to ask the Senator from Wisconsin whether or not, in his opinion, my amendment would do the same thing in effect as his pending amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to add to the end of line 14, page 4:

*Provided, That where constitutional or legal limitations or prohibitions exist against the incurring of obligations by any State, the said Reconstruction Finance Corporation, relying upon the self-liquidating provisions of this act and the future act or acts of such State receiving such loan to protect the financial power and credit of such State, is authorized to make such loan as provided herein, notwithstanding such limitation or prohibition.*

Mr. LA FOLLETTE. Mr. President, I think I can assure the Senator from Oklahoma that the objective which he seeks to accomplish by his amendment is fully accomplished by the one which is now pending. In other words, what is desired here is not to give any discretionary power to the Reconstruction Finance Corporation to withhold loans or advances to States because of the constitutional provisions or the statutory provisions of any State against incurring loans; and once a State has filed its application through its governor, and filed its receipt as provided in this bill, it is then made directory upon the Reconstruction Finance Corporation to pay out the sum allocated to the State.

Therefore I can assure the Senator that this amendment fully protects the State of Oklahoma and other States which may have constitutional provisions against the incurring of indebtedness.

Mr. THOMAS of Oklahoma. Mr. President, may I submit a similar inquiry to the author of the bill, the Senator from New York?

Mr. WAGNER. I concur in everything that the Senator from Wisconsin has said. Of course, I have contended that the original bill amply protects the States.

Mr. THOMAS of Oklahoma. My purpose in suggesting this amendment was to have an interpretation; and, relying



upon the answers given me by the author of the pending amendment and likewise the author of the bill, I shall not urge the amendment, and content myself with having it printed in the RECORD.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. BULKLEY. Mr. President, the pending amendment is exactly in accord with the purpose of the authors of the bill. Strictly speaking, I do not think it is necessary; but as it tends to clarify the intent of the bill, I sincerely hope it will be adopted.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE].

The amendment was agreed to.

Mr. BINGHAM. Mr. President, I desire to offer an amendment. I desire to call the attention of the Senate to the fact that, apparently through an inadvertence, one of the elements in this Government that is a very large taxpayer and a very large contributor to the Federal Government has no opportunity of receiving any benefit under this bill, although it must share its financial responsibilities. I refer to the Territory of Hawaii, which contributes over \$10,000,000 a year of internal-revenue taxes, or as much as 10 or 12 States that might be mentioned.

I am not at all sure that the Territory will apply for relief any more than that some of the States, like the State of Rhode Island or the State of Connecticut, will do so; but it seems to me that in fairness the bill should be amended by including, after the word "States," the word "Territories."

Therefore, in line 4, page 2, I move that, after the word "States," the words "and Territories" be inserted.

Mr. BULKLEY. That is fair.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Connecticut.

The amendment was agreed to.

Mr. BINGHAM. Now I ask unanimous consent that the clerks may insert at the proper places in the bill, wherever the word "States" or "State" is used, the words "Territories" or "Territory."

The VICE PRESIDENT. Without objection, that order will be made.

Mr. LEWIS. Mr. President, the amendment which I am tendering was discussed by me for a moment this morning; and the Senators who are in charge of the bill, understanding its purpose, announced their willingness to accept it, recognizing its propriety.

I would only say this, sir: I do not wish to disguise from the generous Senators, nor from anyone, that in placing in this measure something of an inverted order of consent that the governor of the State may advance a loan to the local political bodies within the State if, in his judgment, it is proper; I am referring to the school board of the city of Chicago, whose school-teachers have gone for so many months without pay and without the necessities of life, and suffering under hardships indescribable; the police of the city, with the risks of life they are compelled to assume every hour of the day, due to conditions in my city, and the surrounding country; the firemen, and such other organizations as there are, 39 in number; particularly the pressing needs of the drainage district.

I deplore to say that a great State such as Illinois, a wondrous imperial municipality such as Chicago, should still remain under that archaic form of government with 39 taxing bodies within its principal municipality.

This measure, may I say to the Senator, sensitive that I am taking more time than necessary, is with a view of allowing the governor to advance any loan that may be extended to the governor to any one of these departments which he may feel has conditions and circumstances justifying the advance.

I beg that the amendment be stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. In line 14, page 4, following the word "State," insert:

Nothing herein forbids the governor of any State advancing a portion of the loan extended to the State to any department or separate political organization of the State.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Illinois.

Mr. SMOOT. Mr. President, I should like to ask the Senator whether, in case the amendment is adopted, the Government would still hold the State of Illinois responsible for any advance that she may make to any subdivision or agency within the State.

Mr. LEWIS. I think it is so provided, as the amendment, if my able friend from Utah will note, merely says that it does not forbid the governor. The governor can not extend that loan, however, excepting to those whose security he is willing to take in the fulfillment of the obligation imposed on him for the kind of security he must extend before he can get a loan at all.

Mr. SMOOT. I have no objection whatever to the bill allowing the State of Illinois to make the loan; but under the wording of the amendment I was a little fearful whether technically the Government of the United States would have to look to the subdivision or the parties to whom the State might loan the money.

Mr. LEWIS. I think my friend at my right had that in mind.

Mr. BULKLEY. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Ohio?

Mr. SMOOT. I do.

Mr. BULKLEY. On that subject I have consulted with the Senator from Montana [Mr. WALSH], and he thought that the bill would not be subject to that objection; but the very fact that the Senator from Utah has some doubt about it renews in my mind the suggestion that, perhaps, some limitation might be desirable.

Mr. LEWIS. Will the Senator from Utah suggest a phrase which he thinks would cover the matter? I am anxious not in any wise to disturb the harmony of this whole arrangement.

Mr. SMOOT. Will the Senator let the amendment lie on the table a moment and call it up later?

Mr. LEWIS. At the pleasure of the Senator from Utah.

Mr. WAGNER. Mr. President, if I may intrude, I think that under the proposed act as it is now the governor would have the right to do exactly what it is here suggested that he may do; and for that reason the amendment in no way affects the power of the governor to loan part of this money to municipalities, provided it is for the purposes contemplated by the act.

Mr. SMOOT. What was in my mind, Mr. President, was this: The bill itself, I think, specifically allows that very thing to be done, but if we put this amendment into the bill, then the question will arise, Why is that language in the bill? If the amendment should be agreed to, and it were found that Congress had put in authority for loans to the States, and then qualified it with this amendment, in my opinion, it might be construed that that amendment would authorize the lending of the money through the State to the different agencies, and the Government would have to look to the agencies.

Mr. LEWIS. Mr. President, it will be observed that the amendment merely says that there is nothing in the act which forbids the governor, in the distribution, from choosing some of these organizations which may be representing the poor and the miserable and the depressed by some form of organization or as political organizations. It does not forbid him advancing the money directly to them to carry out the purposes of the loan.

Mr. SMOOT. There is nothing in the bill, in my opinion, which would prevent the governor from doing it now.

Mr. LEWIS. On the other hand, with great respect for the opinion of my able friend from Utah, suppose with perfect silence that language goes into the bill and these



different organizations seek relief, and it should be decided that there was nothing in the bill authorizing the governor to make an advance to the organization, right then and there would there be obstruction, and no chance of rescue would come.

Mr. BULKLEY. Mr. President, when the Senator from Illinois first suggested this amendment I made to him practically the same suggestion that has been stated by the Senator from Utah. But after private consultation with the Senator from Montana it developed that he thought there was no danger in that direction, and I therefore withdrew the suggestion. But, as I have said, the very fact that the Senator from Utah finds the same doubt makes me feel that a limitation ought to be added, and I am sure the Senator from Illinois will not object.

Mr. LEWIS. No; whatever words meet the approval of Senators I will agree to.

Mr. BRATTON. Mr. President, will the Senator from Utah yield?

Mr. SMOOT. I yield.

Mr. BRATTON. It seems to me that when we keep in mind the following language, on page 2, beginning at line 16—

The amount of loan or loans to each State, with interest at the rate of 5 per cent per annum upon any unpaid balance, shall be reimbursed to the Reconstruction Finance Corporation by making annual deductions—

from its allocations of Federal-aid highway money, and so forth, we must agree that that carries a definite commitment on the part of the State either to pay the money or to have it deducted from its annual allocation of Federal-aid highway funds, and the Government is amply protected for the repayment of the money in that way. I do not anticipate any difficulty and have no fear that the bill could be construed as absolving the State of its obligation to repay the money, either in cash or by deduction from its annual allocations of Federal-aid highway money. Let me call the attention of the Senator from Utah to the fact that the language is that—

The amount of such loan or loans to each State, with interest at the rate of 5 per cent per annum \* \* \* shall be reimbursed to the Reconstruction Finance Corporation by making annual deductions.

Mr. SMOOT. That is true, as far as that is concerned, but those words are in the measure as it will be passed, if there is no amendment. It seems to me that that virtually would give the States the authority to lend or do whatever they wanted to with the money.

Mr. BRATTON. So it would; but it would not absolve a State of its obligation to see that the money was repaid or have it deducted from its Federal-aid highway money.

Mr. SMOOT. I agree with the Senator; but if an amendment such as that offered by the Senator from Illinois should be added to the measure, I think the question would be, Why was that put into the law? The measure itself is plain—that the money shall be loaned to the States. I think a State, after it got the money, could do just as it pleased with the money without any act of Congress; but when we begin to qualify the measure then the question will arise, Why was that put in?

Mr. BRATTON. Simply to free the State in the use to which the money might be devoted, but it would not absolve the State, in whole or in part, of its obligation to see that the money was repaid, nor would it limit it in any wise.

Mr. SMOOT. If that is the opinion of the attorneys in the Chamber, I shall not say another word; but it struck me just as I have stated. I know the Senator from Illinois did not want to accomplish anything such as that suggested.

Mr. LEWIS. No. I would prefer that there be harmony, but my two able friends from my right consoled me with the thought that the amendment did not disturb the bill.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from New York [Mr. WAGNER].

The amendment was agreed to.

Mr. JOHNSON. Mr. President, I want to commend the gentlemen who have introduced this bill. I want to congratulate them upon recognizing our emergency and presenting finally to the Senate the particular mode of distribution of funds of the United States Government in that emergency.

I want particularly to congratulate the Senator from New York [Mr. WAGNER]. The Senator from New York, with a pertinacity, a perseverance, and an ability which do him infinite credit, with a statesmanlike vision possessed by few of us, in season and out, ever since the emergency arose for aid to the unemployed in this country, and ever since there was need for governmental action as this bill contemplates, has done ably, not only his full duty but has labored in a fashion, sir, that has endeared him to those of us who believe in human beings as the greatest asset of this Nation, and those of us, too, who can appreciate statesmanlike efforts by a Member of this body.

In passing, I wish, as well, to compliment the Senator from Colorado [Mr. COSTIGAN] and the Senator from Wisconsin [Mr. LA FOLLETTE] for so well pioneering the way in the last session in the matter of emergency relief.

The principal thing I rose for to-day, Mr. President, at this moment was to say that at last, at last, after three years of depression, after three years such as this Nation never before has known, after three years of suffering of our people, after three years of unemployment in this country, which the wildest imagination never would have conjured up, after three years, sir, the administration of the Government of the United States finally recognizes the emergency that exists and finally reaches a conclusion, after having had 62 other conclusions upon the subject, that relief is essential from the Government of the United States unto its suffering citizens.

At last, sir, we have reached the time now, in this bill, however it may be written, however I may think that it be filled with gaps which ought to be in some fashion filled up, however uncertain it make be in some of its terms—at last, Mr. President, we have reached the stage in this country, after three years of hell, when the administration finally bows its head and admits the conditions which exist and is ready to relieve our people in their dire distress.

I recall, sir, when I presided over the Committee on Commerce during March and April, 1930, how there came before us then three bills designed to aid the unemployed in this country, three bills, sir, which had a vision in them as to how to deal with the problem of depression, bills introduced by the Senator from New York [Mr. WAGNER].

I recall the testimony that then was taken before the Committee on Commerce. I remember the difficulty we had in putting out upon the floor the bills which were then presented by the Senator from New York, and I am proud of the fact that I contributed, in very small degree, to that particular consummation.

I recall that when we were taking the testimony, and those from New York, from Philadelphia, from Chicago, and from other parts of the United States, came before our committee, at a time when it might have been possible for us to have halted the awful situation which now confronts us, how they testified to the necessity for action upon the part of the Government of the United States. I remember the testimony then of the president of the American Federation of Labor. I remember he said there were 3,000,000 unemployed in this Nation then—now there are three times that number—and how he sounded the warning before our committee; how the officials of New York State, of Illinois, and of Pennsylvania, sounded the warning, too—and I remember, sir, when those bills of the Senator from New York were before our committee and we were considering them, how every statement of necessity and emergency was denied publicly and officially by the administration which now recognizes both and the results of the unpardonable delay and how every obstacle then was put in the way, in March and April, 1930, of the Senator from New York and the Committee on Commerce, which was endeavoring to act, by



the present administration, and every effort made to prevent any kind of amelioration, any kind of relief, and to thwart every endeavor to meet the situation which then was presented.

I recall, sir, how in the ensuing days and the ensuing years every time the endeavor was made, either upon this floor or elsewhere, to lay bare the situation which existed and presented it to our people, we were met with statements which had to be recalled a few days after they were made, how every single suggestion of a remedy or means of relief was met with an opposition it was impossible to overcome. Until finally, now, sir, when we are in the depths as we have never been before, finally, let us thank God that even finally it has come; the administration has recognized the situation that is presented, and the administration concedes that it is essential that there should be accorded direct relief to the States of this country and relief unto those who are shelterless, those who are hungry, and those who are unemployed.

It is a glorious day, Mr. President. I do not care for the specific provisions in the bill. Some of them seem to me so bizarre from a legal standpoint that I would not attempt to discuss them in any degree whatsoever. I do not care that they may not meet the technical requirements of some of the constitutions of the States, or that they may meet only in small degree the requirements of a particular locality. That is not the point. The principle has been recognized now after nearly three years of denial of it by the administration.

Finally, sir, we have come to know that Government has an obligation; an obligation not only unto one class, not only unto those who have and those who represent great institutions, but an obligation unto plain men and women and children, and that that obligation must be fulfilled so far as Government is able to fulfill it.

The bill, sir, is a mere drop in the bucket. The bill, in the amount appropriated, even if it were doled out—oh, what a terrible word that was! I beg your pardon for using it, sir. What a terrible word that was only a few months ago! Even if it were doled out to the States of the Union and given to those who are entitled to it, all of it upon the proportions that are proposed in the bill to be given, even then it will not accomplish great results. I recognize that fact. I recognize as well that in order to call this thing by some name that will make it sweeter to those who have to swallow it, a very nauseous dose, we use the word "loan" in the bill.

There is not any such thing and there will not be after we pay the money out under this bill. We may pretend it and, like God has furnished some of the birds of the air and the beasts of the field, we may give to the bill its protective coloring by asserting that loans are made to the States and that loans ultimately will be repaid by the various States under the United States Government.

I do not care whether it is one sort or another, that it contains this kind of a provision that I do not like or that kind of a provision that I think unworkable. This marks the day of the principle! It is the triumph to-day, sir, of the principle for which the Senator from New York [Mr. WAGNER] has contended, for which the Senator from Colorado [Mr. COSTIGAN] made his glorious fight in conjunction with the Senator from Wisconsin [Mr. LA FOLLETTE] last year. It is the principle that after all, when we have done our duty by the great financial institutions and have taken to the utmost the resources of the Nation that the banks may enjoy some measure of freedom and success, and that railroads may continue in the fashion in which they have continued in the past—it recognizes the principle finally, sir, that we owe an obligation, too, to what is called the under man, the man indeed who after all is the backbone of the citizenship of the Nation and upon whom this Nation must depend in every time, whether of prosperity or adversity. So it was, sir, that at this day when finally has triumphed a great principle of recognition of the obligation of government and a response to that obligation, that I rose, sir, merely to compliment all those who have been engaged in the endeavor and all those who have pioneered the way.

Mr. GORE. Mr. President, I desire to have read at the desk a passage from a letter which I have just received from a citizen of my State, a former member of the legislature of the State and a former candidate for governor. I do not care to disclose his name.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oklahoma? The Chair hears none, and the clerk will read, as requested.

The Chief Clerk read as follows:

Of course, the Government has not so far done anything for them, and as far as the average man is able to discern the Government has no intention of trying to do anything in the immediate future, unless it might appropriate some more wheat from the quantity in the hands of the Farm Board. This will only make more parasites looking to the Government for charity. Each time the State has tried to aid by way of charity it has definitely made the parasitical group larger, and the recent wheat appropriation and flour distribution have just increased that group. The people do not need charity, but they need work and a living wage.

Mr. GORE. Mr. President, I submit that passage for whatever it may be worth. I make no comment upon it. I make no comment upon the pending legislation. Neither shall I undertake to forecast its consequences.

On a previous occasion I made some comments upon the effect of free wheat, free pork, free wine, and free shows in ancient Rome. They changed the Roman character. They destroyed the Roman Republic. They destroyed the liberties of the Roman people. It is an old saying, it is an old warning, that no man and that no people should calculate that he or they will constitute an exception to a general rule. I see many footsteps in the past leading in this direction. I see few footsteps returning. I think that this Congress should converge its efforts to change existing conditions and to counteract the causes which have brought these conditions upon us. I regard this as a palliative, not a cure—fortunate if it be a palliative and not a poison.

Mr. BINGHAM. Mr. President, I have been very deeply impressed with the words just spoken by the distinguished Senator from Oklahoma [Mr. GORE]. I agree with everything that he has said. I have also been deeply impressed with the eloquent address just made by the senior Senator from California [Mr. JOHNSON]. I realize that with his long experience he has a keen perception of legislative matters. In view of what he has said and the statement he has made I shall vote against the bill.

Mr. President, in my opinion this Government was formed to take care of the general welfare of the States and not of the people therein, that being the duty of the States and the municipalities themselves. In the opinion of the people whom I have the honor to represent on this floor, it is the duty of the State and the municipalities and the localities to look after the poor and unfortunate. It is being done in the State of Connecticut and will continue to be done. I can assure those within the sound of my voice that my State, although it has to bear a portion of whatever charges may come from this bill, will not ask for any loan or advancement under it, preferring to believe in State rights, preferring to believe in State responsibility for its own citizens. We believe that when a great Government like that of the United States, with 125,000,000 people, attempts to look after the interests of the individual citizen and to relieve the States of the responsibility to look after their citizens, we face the turning of the ways, as the Senator from California has said.

If it is true, as he said, that the word "loan" is a protective coloration, and that this is a gift to the States to be given to the people for their relief—if it is true, as he said, that this is a recognition on the part of the Federal Government that it will use its power in taking money away from the taxpayers of the States and turning it back through channels to those who can not pay taxes and who are in an unfortunate condition, then, Mr. President, I believe it is true that this is a most momentous occasion. I regret that this bill, obviously, is going to pass. I regret that some States are in such difficulties that they find it impossible to look after their own people. I am proud of the fact that the people in my State propose to look after



their own poor and unfortunate in the best way they can. I believe that is safety in government.

I believe in State rights. I believe in local self-government. I believe that the money of the taxpayers, when it is used to relieve the poor and distressed, can be better and more safely used when it is controlled closely by those who are in touch with the taxpayers, namely, the officials of the States and municipalities concerned. Therefore, Mr. President, regretfully, and hoping that my motives will not be misunderstood, I shall find it necessary to vote against the bill.

Mr. BANKHEAD. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. At the proper place insert:

All or any parts of such grants may be disbursed in aid or furtherance of any program or programs of unemployment relief based on the location of those deemed entitled to relief on farm lands either in such State or elsewhere, and either by direct expenditure or by loans to any approved agency or to groups or individuals.

Mr. BANKHEAD. Mr. President, without attempting in any way to answer the speeches by the Senator from Oklahoma [Mr. GORE] and the Senator from Kentucky [Mr. LOGAN], I only wish to say that in the face of human distress, misery, and starvation I am ready to disregard many principles which I have always nurtured; I am ready, as I have been for many months, to disregard the form of the measure presented and to look to its substance and to contribute my vote toward procuring the enactment of legislation for the relief of the destitute in those localities, at least, where the States and their local agencies have come here and stated to the Congress that they are no longer able to go forward with relief benefits.

Having stated that, Mr. President, I want to address myself to the amendment which I have just proposed and which has just been read at the desk.

The plan embodied in the pending bill provides means with which, in large part, our great emergency may be temporarily cared for. From the funds to be made available it seems to me that we should provide, as far as we can, for permanent relief.

I have offered an amendment to the bill which does not require any additional appropriation and does not make its application compulsory, but it does specifically authorize a State to use money made available to it for putting into execution the program stated in the amendment.

The amendment is as follows:

All or any part of such grants may be disbursed in aid or furtherance of any program or programs of unemployment relief based on the location of those deemed entitled to relief on farm lands, either in such State or elsewhere and either by direct expenditure or by loans to any approved agency or to groups or individuals.

The plan proposed involves a reappraisal of social and economic conditions, and also planning for permanent relief for a large number of families who are now in the destitute class. I pretend no originality in conception of the suggested program. It has had wide consideration by students whose minds have tried to rebuild an enduring social and economic structure and who entertain no satisfactory reassurance that temporary aid for the unemployed will permanently solve the most important of all the problems confronting our country.

Food and shelter for all who are willing to work and for all who can not secure gainful employment is the paramount slogan in the heart of every true American. I have no formula for a full and complete solution of our ills. The back-to-the-soil plan is tendered as a partial solution only, but one under which the credit extended will pro tanto permanently solve the problem of present peril for many people.

It is evident that our social and economic life is now in the process of readjustment. The machinery and gasoline age and the World War brought about a general shift in the affairs of men.

In former days there existed a balance between the number engaged in agriculture and industry. The necessities

of the World War, followed by a period of excessive inflation, brought the era of mass production. A great draft of farmers and their sons to industry followed.

Inventive genius produced new machinery to displace man power. Production was thereby increased and gross earnings of the working class correspondingly decreased. Then came the crash of 1929, since which time the wheels of industry have constantly slowed down. The number of workers unemployed has constantly increased. With millions now unemployed and their accumulations exhausted, everyone is asking: "What can be done?" "When will business improve so that the unemployed can have work?"

It is likely that it will be too long to wait for a sufficient revival of business to engage all the men drawn into industry during the last decade. For some years we have had a degree of production and business activity never before witnessed. Can we reasonably expect an early return of such conditions and the early reemployment by industry of the great army of the unemployed? It takes great optimism to generate much confidence in such a happy result. Some people seem to think that it is the duty of the Government to provide employment for all who want to work. Without entering into a discussion of the principles of government involved, the suggestion may be disposed of now with the statement that under prevailing conditions it is impossible to carry out the suggestion. While it may not be the duty of the American Government to furnish employment, it has a direct responsibility for legislation and actions which result directly or indirectly in unemployment. As I am considering remedies for our unhappy plight, I shall not give expression to my views on unwise legislation during recent years which may be responsible for prevailing conditions.

Everyone with a normal heart is grieved when he witnesses distress being suffered by his fellow men. Generosity in helping the needy by those who have a surplus beyond their actual requirements stirs us with emotions higher than mere admiration. Much of that sort of helpfulness is now necessary, but in my opinion such aid hereafter will be entirely inadequate to care for the destitute.

A large public-works program will, of course, be helpful. It is doubtful if such a plan, however, can be financed on a scale commensurate with the requirements of the unemployed in all sections of the country. Such public works must of necessity be carried on in selected spots. Additional employment will be provided in the fortunate localities. That will be helpful; but when the work shall be finished what then will be the situation? Those furnished employment will again find themselves unemployed, and the program may not be repeated indefinitely. It seems to me that it would be wiser to devote some part of the available credit of the Government to some plan which looks to permanent, rather than temporary, relief, if such a recourse may be found.

How many years lie ahead of us before industry can again employ all the idle workers? What is to be done before that time comes if it arrives during the present generation? Can a more evenly balanced coordination between the number engaged in industry and agriculture be reestablished? Can society be readjusted to normal conditions which prevailed before the orgy of industrial production held out false hope of permanent employment to so many who were otherwise employed and to so many farmers and sons of farmers?

When America was establishing itself on the firm basis of growth which brought it to the forefront of nations, there were few industrial workers. An overwhelming proportion of our population tilled the soil or engaged in business directly related to agriculture. It can be done again. It seems inevitable that many who were raised upon the farm must return to the soil. If employment can not be found in the cities and towns, a living can be dug out of the earth. Unfortunately for many people, prevailing conditions do not present a free choice of occupations. Dire necessity decrees for many for a time at least that any honorable work, urban or rural, should be accepted that will keep the family



together and the wolf from the door until something more suitable can be found.

A picture of the shift from rural to urban population may be had by reviewing the census reports on rural and urban population. The last four census reports showed the percentage of rural population as follows:

	Per cent
1900.....	60
1910.....	54.2
1920.....	48.6
1930.....	43.8

Towns with less than 2,500 population are counted as rural. Using 123,000,000 as the total population for 1930, it appears that if the same ratio had been maintained between rural and urban population, there are now in the cities 6,000,000 people who, under the 1920 ratio, would be in the rural classification. Based on the ratio of 1910, there are 12,500,000 people who would now be in the rural classification. Based on the ratio of 1900 there are 19,700,000 people now in the cities who would have been in the country. These figures present a startling shift from rural to city life. The census reports for 1920 and 1930 separate the rural population into rural farm and rural nonfarm population, thereby separating the population in the small towns and in the country not engaged in farming. In 1920 the rural farm population was 29.7 per cent of the total. In 1930 it was 24.6 per cent. It is significant that lacking only one-tenth of 1 per cent the entire shift to urban from rural population from 1920 to 1930 was from the rural farm population, numbering 6,000,000 people, according to the ratios, if they had been maintained.

Mr. President, it may be suggested that there is now an overproduction of farm commodities. With staple cash products, such as cotton and wheat, that may be true from the standpoint of the ability of consumers to buy. The farmers' trouble is not the absence of home necessities. He has food and feeds in abundance. His problem is keeping the sheriff from his door because of debts incurred when one bale of cotton would pay as much on his debt as four bales will now pay, or one bushel of wheat would buy as much as four bushels will now buy. If the average farmer could forget his old debts he would not be prosperous but he would not be destitute.

The question arises, How can the unemployed go to the farm when he has no farm, no work stock or implements, no food and no feed?

If 1,000,000 men now unemployed could be financed under a back-to-the-soil program, an improvement in business conditions would more quickly afford work for others unemployed, and would remove several million people from the ranks of the very large number who are anxiously thinking of food for to-morrow.

Farm leaders for years have urged the establishment of a large fund to buy surplus commodities out of the market. For more logical and stronger economic and humane reasons a large fund to lift the surplus of unemployed workers out of the industrial market and from the domain of benevolence can be sustained.

If a fund of \$1,000,000,000 should be applied to aiding unemployed who desire to return to the farm or to a subsistence home, it could probably be so used as to place 1,000,000 or more men with their families on productive land. It should not be forgotten that there are millions of acres of improved farm lands which under present conditions can be rented at small costs. With the acreage-reduction program under full swing there will be more millions of acres of improved lands which could be rented. Work stock, farming tools, and supplies are cheaper than they have been for years. Many farms can be bought for a very small initial payment. Land can be bought for little more than current taxes.

Would this addition to the 11,000,000 men now engaged in agriculture aggravate their present plight? It will not if farmers become convinced that their main business should be producing "a living" at home and some cash commodity as a side line. They were in much better condition when a larger proportion of our population was rural.

The money furnished should not be a gift; it should be a loan with installment payments over a reasonable time, and secured by continuing liens on crops and stock and land. The difficulties of private capital doing the financing are recognized. Profits would be limited to interest, and there would be losses of invested capital. The attractions of industry lured countless thousands from the farms. The lure not being sustained, industry should support a program to help get them back to the farm. A large movement from congested urban centers to the vast spaces of rural opportunity would to that extent aid in readjusting an economic unbalance between workers and jobs in industry. Under this plan, decentralization would be and should be accelerated.

It should not be forgotten that rural life has in recent years been vastly changed. With good roads, rural mail delivery, improved school facilities, consolidated schools with free bus service, free transportation to high schools, rural telephones, and many other advantages, country life from a social standpoint is in large measure comparable to suburban opportunities.

A large back-to-the-farm revolving loan fund would be a source of relief to worthy, good citizens, farmers by training, who are anxious to engage in any honorable work that will preserve their home circle and provide a way for them to embark upon an enterprise which may be temporary or permanent according to the unfolding of the future for each individual.

If it may be a long time before all who have been engaged in industrial work can get work again in industry—white collars and overalls—why not bridge over the chasm, and help those who desire to do so to establish themselves in self-supporting work?

The immediate helpful effect of the expenditure of such a sum of money, distributed largely among farmers in the purchase of farming outfits, is a consideration not to be ignored.

To buy a million cows, a million mules and horses, a million sows and millions of pigs, a million broods of chickens, millions of bushels of corn and hay and potatoes, and all the other things necessary to establish a family on a farm, would put most of the money in circulation where it is sorely needed, and provide present farmers who sell to the new farmers additional debt-paying power. A new market would thus be provided where there is now no market. Farm prices would be stimulated, and land values made firmer. In the construction of many small homes the building trade would greatly benefit, and work would be afforded for many now unemployed.

The suggestion of aiding former ruralists to get back to the soil does not involve the idea of placing all of them in the business of farming, nor of the acquisition in all cases of large acreage. For those who now live in large industrial centers, and who prefer to remain in close proximity to openings for industrial employment, a few acres of land with a very modest home would serve the purpose. The principal object is to provide a place where with thrift, frugality, and industry they can work out from the soil a subsistence for themselves and their families, and as a side line find employment here and there, now and then, until a better day dawns.

Those who conceive that few would, in good faith, take advantage of a back-to-the-soil movement must not know the heartburns of millions now drifting without chart or compass and with hope fading away; they do not realize the ardent craving for some humble place to call home, where the family circle may be kept inviolate, and where there exists the assurance that nature, with the cooperation of the family, will furnish the necessities for actual subsistence.

Mr. President, there will be no paucity of applications if this Congress shall pass a bill providing financial aid for acquiring country homes by purchase or lease for those who formerly engaged in farming. The great problem will be taking care of the large number of jobless men, now walking the streets in despair and desperation, who want to



return to "nature's storehouse." With a cow and a sow, a hoe, a spade and a plow, and with food and feed supplies for a season, those who will can thereafter produce and preserve the food and feed necessities for the home, and be permanently removed from the large mass of the unemployed. Prospects for luxury? No; but removed from the bewildered and heart-bleeding mass of the unemployed, and with pride, confidence, and self-respect reasserted. Every one so removed from the ranks of the unemployed will not only lessen the requirements now resting so heavily upon State and city, and upon the charity of the public, but will also make room at the employment gate when industry can use more men.

I have outlined the effect of assisting a million or more families to get reestablished in subsistence homes in the hope that in any further legislation for unemployment relief, the suggested plan may secure further recognition.

In my State, if specific authority is given, I am assured that the State agencies intrusted with the administration of the money allotted to Alabama will lead the way for other States.

Plans are now being worked out, with the governor and business and public-spirited and charitable citizens taking the lead, to put into prompt operation the removal of former farmers to subsistence farms. The plan includes a comprehensive survey for locating units in colonies, and also in individual homes, in the communities, if desired, where the destitute formerly resided.

I am informed that in setting up organized units the State will make available its road machinery and, if found feasible and desirable, will supply convicts to open roads, dig drainage ditches, and help erect houses.

The fact should not be overlooked that probably a majority of the destitute in southern industrial centers are colored people who were raised on farms. I speak with knowledge of Birmingham. Our white people, with big hearts and great generosity, have been providing for them, in addition to the heavy burden of aiding the destitute of our own race.

I ask you to agree to the amendment I have offered. It merely gives each State the option of applying the plan.

I sincerely hope that the Senator from New York, who has done such valuable work on this entire program, will agree to the incorporation of this amendment in the bill. It leaves it purely optional with each State to put it into application and effect.

Mr. REED. Mr. President, naturally one votes against a bill of this nature in a very sober spirit. A man would be very insensitive who did not realize the amount and degree of distress that now prevails in the United States.

I know that this bill is going to pass. I have no intention of delaying it by making a lengthy speech; but I want the Record to show, in brevity, my reasons for voting against it.

I believe that the historian of the future who writes, perhaps, upon the decline and fall of the American Republic, will point to to-day as one of the milestones upon the road to disintegration of this Government.

These are not loans that we are providing for the States, and we might just as well be frank enough to acknowledge that no one of us thinks they are loans. Not one penny of this fund will ever be repaid to the National Treasury.

Mr. WALSH of Montana. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. WALSH of Montana. The Senator from Michigan [Mr. COUZENS] has been particularly solicitous of having the bill provide specifically, if it does not so provide in general terms—we have convinced him that it does in general terms—that any State may go to the Reconstruction Finance Corporation, and, by pledging with it proper securities, secure a loan; and that, of course, would be repaid in order to redeem the securities thus pledged.

Mr. REED. I had not overlooked that, Mr. President. I know that a State will have the option of making a loan with security; but, on the other hand, it will have an option

of accepting this grant in effect as a prepayment of the Federal aid toward highway construction. If 10 years in Congress has taught me anything, it has given me a moral certainty that when the time comes for repayment by deductions from those Federal-aid appropriations for highways Congress will increase the amount to be appropriated so that, after making the deductions, the States will get as much as they otherwise would, and we will have repaid ourselves by the gesture of increasing those appropriations.

Certain States of the United States are unable, under their constitutions, to borrow. I think some 12 or 13 States have that constitutional prohibition. That was the outcome of long, sad experience in borrowing. The voters of those States had learned that, given the authority to borrow without limitation, State bankruptcy lay ahead; and the long and disgraceful history of repudiated State bonds illustrates the wisdom of the precautions they took.

Mr. WAGNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from New York?

Mr. REED. I yield.

Mr. WAGNER. If the Senator is persuaded that there is need for this supplemental aid by the Federal Government to cope with the situation of distress in the States, how would he provide that the Federal Government shall discharge its obligation in that regard?

Mr. REED. But I am not persuaded of it. I believe that the States have a wider taxing power than the Federal Government has, and that they themselves, if they are faced with the necessity, and can not pass over the responsibility to us in this fashion, can just as well raise from the human beings who constitute their population an adequate relief fund as we can raise it from those same human beings; because the populations of the several States constitute the populations from which we will raise the money to create this fund.

What we are doing here, in effect, is to toss to the winds those prohibitions against State indebtedness which experience had shown to be wise. We are turning a fund of \$300,000,000 over to the governors to spend as they see fit, without one syllable requiring them to account to us or to anyone else. We are turning it over to those governors because we have not the courage to specify the manner in which the largesse shall be distributed, and we are setting no rule whatever to guide them. As surely as that the sun will rise to-morrow, some one or more of those 48 governors will apply that fund in such strange manner as to create a national scandal, and it will be our fault. Let us face that responsibility.

Mr. ROBINSON of Arkansas. Mr. President—

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Arkansas?

Mr. REED. I yield.

Mr. ROBINSON of Arkansas. Mr. President, I shall be compelled to leave the Chamber for a while, and, with the permission of the Senator from Pennsylvania, I should like to register now my dissent from the correctness of the assertion the Senator has made that the proposed advance or loan will never be reimbursed in any part.

There is, of course, the possibility that losses may result, but I do not believe that the Senator would wish to stand upon the proposition that when a State accepts a fund of the nature contemplated for the purpose of supplying the immediate wants of its citizens, which the State, by reason of previous expenditures for such purposes, is unable to meet, that State will resort to processes of evasion; or that the Congress will nullify the agreements and arrangements entered into and release from all liability.

It is all right to say that the States have the taxing power and that they can levy such tributes upon their own people as may be required to meet the necessities of their citizens. It is also true, and proper to observe at this point, that for almost two years there has been a constant drain on local institutions and resources, which, according to all the evidence before the Senate, has about exhausted those re-



sources and the power of those institutions to meet the situation.

The Senator has said that this measure marks a milepost on the way to the disintegration of our Government. I wonder whether, in making that declaration, he has taken into consideration the conditions which exist in almost every part of the Republic. I wonder whether it is his proposal that the National Government shall take no action whatever and shall refrain from any assistance, in this time of very great necessity, to the local authorities and agencies charged primarily with the responsibility of meeting the demands of the needy. There is danger of the gravest consequences if no action is taken by the National Government for relief.

Mr. REED. Mr. President, I was within three minutes of concluding. I did not understand, when I yielded, that the Senator meant to make a speech in my time.

Mr. ROBINSON of Arkansas. Certainly I shall discontinue, if the Senator desires.

Mr. REED. Mr. President, I am perfectly well aware that nothing that I say to-day can in the least avail to change the determination of any Senator. Every one of us has made up his mind as to how he is going to vote and has satisfied himself as to the reasons for his vote.

I speak with the utmost solemnity of which I am capable. I believe that this appropriation is only the beginning of a series which will grow and grow until it breaks the back of the Federal Treasury. I believe that to-day we are lifting the lid of Pandora's box, and we will never be able to close it again, and that the troubles that will come from it will overwhelm us. I would be false to myself if I did not rise to voice my belief that that is what will happen.

I believe this is the first step toward making mendicants of our people and making mendicants of the sovereign State governments upon which this Government is built. I believe the pressure for further advances of this sort will be utterly irresistible, and that Congress will never be able to withstand the demands which will come to us when we meet again in December.

I shall vote against this bill if for no other reason than that history may know that at least one voice was raised against this step which we are taking toward that chasm to which the Nation seems to be hurrying.

Mr. BORAH. Mr. President, I do not see in this situation the question of State rights. I do not see how that is involved. Here is a national emergency, a national problem, a national disaster. Indeed, it is international in many of its aspects, and it does not seem to me that the proposal before us is a digression from sound principles with reference to the relationship of the National Government to the States. The problem of caring for the unemployed, like the problem of aiding business, calls for the cooperation of the State and the National Government, for the cooperation of the thought and purpose of all the people in all walks and stations of life. Are State lines to disappear when private business in the States is in distress and to stand as a barrier when the people in the States are hungry? I readily admit that the first duty is with the State but when the State can no longer meet the situation the duty of this Government is plain and imperative.

After more than two years, this depression is as inexplicable as it was in the beginning. In its scope and resistless force it has the impartiality and the appalling horror of divine wrath—none escape and no words can tell of the agony of mind and heart which accompanies it in its remorseless course. It hovers over and envelops the whole vast domain of human activities and darkens and endangers and confuses the purposes and the plans of the great as well as the humble. We have now reached the point when its effect no longer encompasses the fortunes of individuals merely but when the whole social structure seems threatened. No one has been able accurately to tell why it is here; at least, there has been no agreement among people as to why, and certainly no one has been able to devise a method by which we can escape

from it. It is a calamity which is apparently not understood by those who are able to solve such problems.

In the midst of that condition of affairs our own people are overtaken with this disaster, and in many places are on the verge of hunger and starvation. It is my opinion that this will continue for some time to be a national question.

We have from the beginning been disposed to treat this economic breakdown as a thing of no great moment, something that would pass in a few weeks or months. We have stubbornly, and in the face of fearful facts, refused to regard this depression as different from other depressions. Men of wisdom and men in authority have insisted that it is all a matter of mentality, that we are the victims of fright, that we are lacking in confidence. But certainly this view must now be disregarded. Nearly three years have passed, fortunes have been dissipated, profits in business have disappeared, 70,000,000 people, including dependents, in the different countries out of work—it is no ordinary depression. The causes which lie at the bottom of it all are no ordinary causes. There is more to this situation than want of confidence, than an ungrounded fear.

This condition came upon us at a time when we were possessed of all kinds of courage and all kinds of initiative, when all fear, all timidity, had been banished from the business world. It came when men were at work, full of hope; when business was big with vast plans for the future. It fell like a night upon noon. Let us, therefore, be rid of the thought that this fearful catastrophe is not a reality. It is the result flowing from the violation of the most salutary principles of humanity, of justice, and of economic sanity, by the leaders of the nations of the world. We are compelled by events to put aside our first theories and meet the depression as a great national and international problem. These citizens hungry and on the verge of starvation are a part of our great national assets and national wealth which we are undertaking to take care of and preserve. It has passed beyond the power of the States to control or meet it.

It has been said several times in this discussion that we are repeating what took place in old Rome. To my mind, there is as wide a difference between the two as there is between night and day. The forces which led to the fall of the Seven Hill City and which gathered in the people from the colonies into the great city were wholly different; the influences upon the citizens were wholly different from anything which has been intimated or indicated in the United States. We are taking care of a people overtaken by a fearful calamity. We are not feting and flattering the people in the interest of a Cæsar but feeding them that they may not die. We are caring for a people overtaken by disaster, not buying a retinue of retainers for an ambitious general. And last but not least in importance, we are extending aid to men and women just as loyal to these institutions and to the principles of free government as the men who sit in this Chamber. No government ever forfeited the respect or loyalty of its people by standing between them and a consuming disaster for which they were not to blame.

If we should approach the 8,000,000 people who are to-day out of employment and their dependents, constituting perhaps 30,000,000 people, and offer them an inducement, political or otherwise, such as was offered in Rome, or offer them an opportunity to earn their daily bread by toil as American citizens, they would turn to their job and thank you for the other hollow compliment.

These people are not idle because of any desire to be idle; they are not out of employment because they refuse to work; they are not disloyal in any sense to the principles of the American Government, nor are they shirking the responsibility which rests upon American citizens. They are, like the greatest of the land, the ablest of the country, unable to understand the cataclysm which has overtaken them, but ready at any moment, when any avenue of escape is offered, through work or otherwise, to accept it.

Mr. President, in my opinion if we could devise here some method by which to give these people employment, they would reject any assistance from the States or the National Government without hesitancy. But so long as we are un-



able, as leaders, as men in authority, to lead our people out of this distress, can we complain of them if they themselves are unable to find a solution of the problem? No solution being at hand, we are under obligation, as counties, cities, States, and Nation, to help bridge over the condition which now confronts us.

The Senator from Pennsylvania [Mr. REED] says, with a great deal of earnestness and solemnity, that in his opinion this bill would mark, in the eyes of the future historian, the beginning of the fall of the American Republic. If this were the first instance of the kind, the Senator might be justified in his gloomy prognostication. But things similar to this have been done over and over again. The effects were not serious. Beginning far back in the history of the country, the Nation has over and over again gone to the aid and help of those who were in distress in the States. When a great calamity has overtaken them, we have not considered State lines. We have not considered that the duty rested upon the State alone and not upon the National Government, and the present, in my judgment, is no different in principle from instances to the number of 25 or more which might be cited.

Let me say further to the able Senator from Pennsylvania, I do not believe that this is marking the beginning of the fall of the American Republic, nor do I believe that the American Republic is going to fall. The reserve power of the Anglo-Saxon race in every difficulty and every depression and every distressful period through which it has passed has always been equal to the emergency.

One of the unsolved mysteries of history is the capacity of the people, after an unspeakable scourge, to come back. The people, regardless of what the depression or what the distress might have been, have finally recovered their position and gone forward in the same old way.

Let me say to the able Senator from Pennsylvania that the Anglo-Saxon race has never yet retreated from or abused free government when it has once taken possession of it. I do not feel uneasy so long as no more unwise thing is done than that of extending help when the people are in distress.

England has gone through depressions or through conditions infinitely worse than anything we have experienced. Look at that great country after the Napoleonic wars when there was distress upon every hand, when it seemed that the physical and moral fiber of the people was being eaten out. But they came through and established the principles of free government upon a firmer basis than they had ever been before. It belongs to the race to do these things.

There is infinite reserve power in the people of the United States. They are a moral people, they are an intelligent people, they are a patriotic people, and they can endure hardships as well as any people on earth. I do not know how long this depression will last. I do not know to what condition it will bring us. I do not know how much we will have to suffer. But I venture to say to my able friend from Pennsylvania that, while I may not, he will live to see the American people as independent, as self-helping, as resourceful, as self-reliant in the future as they have been in the past. To help them when they are on the verge of hunger, when they are starving, when their families are being separated is not to undermine character. It is to implant in them the belief that they have a Government which looks after their interests when they are unable to look out for themselves, though doing the best they can to meet the situation. Our experience may yet be a bitter one, but even in this bitter experience there may be compensation. A common sacrifice, common hardships, common suffering, will at last bind us to a common purpose and strengthen us for a common and triumphant victory over our misfortunes. I do not believe we are on the way to ruin. The greatest period in American life is before us. The most sublime triumph of this Republic is ahead.

Mr. BROOKHART. Mr. President, the theory seems to have grown up in the Senate that the Government of the United States deals only with the States themselves. We have heard two or three times to-day, especially from the Senator from Connecticut [Mr. BINGHAM], that the general

welfare which the United States should promote is the welfare of the States. It seems to me that no consideration has been given to the very soul of the Constitution itself. It seems to me if the Senator from Connecticut would read the first words of the Constitution, he would never again say that on the floor of the Senate. It starts out, "We, the people of the United States." Does that mean State organizations? Does that mean that we are considering only these organizations set up in the various States of the Union?

We, the people of the United States, in order to form a more perfect Union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution of the United States of America.

To "secure the blessings of liberty to ourselves and our posterity."

Does that mean the States? There is no warrant for such a conclusion anywhere in the great American declaration of the Government of the United States or its preamble which states its purpose in terms that can not be misunderstood. Then to-day we are told that if this relief goes to the folks themselves, if it goes to the people, it is unconstitutional, and we are laying the foundation for the overthrow of the Government itself.

Mr. President, last year, in 1931, the year of the great depression, we had a national income of \$60,000,000,000. That was the gross income. That was \$2,500 for each average family in the United States. But the net income, the portion of that which was saved, went mostly to Connecticut, to Pennsylvania, to New York—in fact, to only 10 different States. There was no net income in most of the States of the Union, but there was a great net income of billions to the few States whose enterprises reach out over the whole United States and take profits from all the people everywhere. Therefore, as a matter of justice, the Federal Government owes it to the people of the United States, when any portion is in distress, to tax the other portions which take the earnings of those people in excess profits, and relieve them from that distress.

This particular bill provides for loans to the States and then provides for repayment of those loans by cancellation of a portion of their Federal aid for public roads. I want to discuss the public-road feature just a moment.

The Federal Government started the plan of building the hard roads of the United States. It started by providing for payment of 50 per cent of that expense. It was to be a 50-50 proposition between the States and the Federal Government. But the big-income taxpayers of those States that now see the overthrow of government in a bill like this did not like that plan because they pay most of the income taxes into the Federal Government. In my own State of Iowa there is about \$10,000,000 of income taxes paid by 27,000 people. There are 2,273,000 people in the State who do not pay any income tax at all.

The total Federal expense of the State, the allotment of tariff and excise taxes and all, is about \$20,000,000. If the State paid taxes in proportion to its population, if these Federal taxes were levied per capita instead of per income, the State of Iowa would pay about \$80,000,000 into the Federal Treasury. Twenty million dollars is paid in the State and the other \$60,000,000 then is paid by income taxpayers outside of the State, and those are in the 10 fortunate States which have these nation-wide enterprises that reach out with their business into all the States and take profits from all the people of the United States. Therefore it is only just that they should pay into the Federal Treasury taxes greater than the proportion of their population. It is an economic equality that is certainly desirable if we want to preserve the American Union at all.

Recurring now to the road question, the Government started that plan by paying 50-50 of the expenses. The big-income taxpayers did not like that situation because they must pay half of it into the Federal Treasury and many of the States, because they have no net income, pay but a small share. So they went out into the States and organized road-booster associations and they boosted for gasoline taxes and



county bonds and State bonds, and immensely increased the local expense of the building of hard roads. In fact, in 1930 the total expense was, I believe, \$910,000,000 for all the States, but the Federal appropriation was only \$125,000,000. Therefore the Federal Government failed to pay any considerable portion even of its half of that expense. In 1931, I believe, the expense on behalf of the States was \$1,000,000,000 and the Federal Government again contributed only \$125,000,000. Then the economy wave came into this session of the Congress, and the appropriation was cut down to \$106,000,000. Therefore, Mr. President, the Federal Government has wholly failed to contribute its share toward the construction of those roads.

In the State of Iowa in 1930 the expense rose to about \$33,000,000 and the Federal aid was a little over \$3,000,000 toward the construction of hard roads, every one of which was an interstate road, every one of which was a post road, every one of which was a military road.

Therefore, I not only favor the making of this loan but I hope before the time comes for repayment that, instead of deducting it from Federal aid to the States, that portion of the law will be amended and canceled and that the Federal Government will thereby contribute a little more toward its just share in the building of the hard roads of the country. In fact, the Federal Government, instead of spending \$300,000,000 as this bill provides, ought to have spent \$500,000,000 each year for the last two or three years for that purpose in order to pay its share of this road construction.

Therefore, Mr. President, I am in favor of the pending bill. The only regret I have is that it is about one-tenth of what it ought to be. Congress fails all the time to do its duties. It just takes a little bite out of the apple and leaves the proposition then to fall down because it has no adequate support. I think one surmise of those gentlemen who are predicting the overthrow of the Government is possibly correct, and that is if we start this thing we can not stop. It is a principle which I believe will push us forward and instead of overthrowing the Government it will save the country. The Government of the United States is overthrown now. The Government of the United States is now under the dictation of these same financial forces which are seeking to avoid the payment of these taxes in their just share to the Federal Treasury.

Mr. WALCOTT. Mr. President, I regret exceedingly to find myself speaking in opposition to my colleague and my intimate friend the senior Senator from Connecticut [Mr. BINGHAM] and the senior Senator from Pennsylvania [Mr. REED]. I find myself agreeing entirely with the eloquent Senator from Kentucky [Mr. LOGAN] in his address on the fundamentals of government, and with the distinguished and eloquent Senator from Idaho [Mr. BORAH] in his impassioned address to show that relief at this time will not make beggars but a stronger people. Of that I am convinced, and I hope to be able to convince some of the Senators, because I have had, perhaps, a unique experience for an American in seeing what wholesale starvation is.

While I dislike to take the time of the Senate and thus postpone a vote on the bill, I think it may be worth while to spend a few minutes viewing a picture such as I know or hope we shall never see in this country, but which we might see if we do not come to the front now with courage and generosity.

Mr. President, we talk quite loosely at times about hunger and starvation. We have several million people in the country out of work, perhaps 8,000,000 jobless, perhaps more. If you Senators will put yourselves in the position of any one of the poorer of those men who are out of work, particularly those who have families, who have wives and children to support, children to educate, unless you have actually been a working man on a low daily wage and realize that every week of your life you are not more than two or three or four weeks away from hunger if your job stops, you may be able to realize the feelings of the man who is in that position to-day.

In the hearts and minds of the men and women who are to-day without jobs and who are only two or three weeks

from actual shortage of food even when they are employed—and there are millions of those people in the country as there are in every country—there is absolute despair. Those people who are confronted with that nightmare must be helped and helped promptly. It is amazing to me that these men and women have shown such wonderful resistance and fortitude, so much good nature, and so little disposition to riot or make their demands by force.

When we talk about hunger, we mean going without food, with no prospect of getting food in the near future; in other words, when we talk about serious hunger among the unemployed, we are talking about facing starvation.

Now, Mr. President, let me tell you what starvation is. I have seen it. I was in Warsaw at the beginning of 1916. The Germans had driven the Russian Army back through Poland into White Russia, so-called, beyond Brest-Litovsk. In the trail of that march the Poles had gathered by the thousands to follow the Russians, fearing the German Army would devastate the country. The Russians in their retreat had burned most of the buildings and had destroyed all the crops and foodstuffs they could not take with them. There were possibly half a million refugees, poor peasants living on the farms along the highway which stretched for about 200 miles from Warsaw to Brest-Litovsk, near the border line of Russia. It was estimated by General Falkenhayn, who was then Governor General of Poland, the man who took Antwerp, a great artillery expert who gave me these figures, that probably 300,000 refugees, caught between these two armies, the one retreating, the other advancing, died of starvation along that roadside over a period of about four weeks.

Going over that road by motor with a German colonel, we tried to count the little wicker baby baskets which were along the roadside. Those were the baskets in which young children are placed; the baskets swing by a rope from the rafters of the peasant's cottage over the dirt floor, swinging back and forth, rocking the baby to sleep. The fleeing peasants took those little wicker baskets with the babies inside of them and carried them along with what few household goods they could take, using perhaps a horse and a cart, others on foot. When we left Warsaw we began counting the baby baskets, with the little bones inside, but we gave it up within a few miles after the count had run into the hundreds. Three hundred thousand people died of starvation along a 200-mile road.

On the northern road, which passes through the Polish swamp, it was estimated that 200,000 troops, who had been driven into the swamp by the aggressive German army, had died. That, however, is another story; that was a direct result of war, while starvation is the indirect result. Starvation in the particular case to which I have referred was the result of a great retreat by one army and the advance of a conquering army. This was followed by a food shortage as a result of the allied blockade, so that hundreds of thousands of innocent men, women, and children were undernourished for the next two and a half years until the war was over.

Let me say further, Mr. President, that, going out into the streets of Warsaw every evening after dinner, we would fill our pockets with everything we could obtain from the table in the way of rolls, crusts of bread, whatever we could pick up, knowing that just outside the doors, sitting on the curb or in the doorways, there would be rows of children from 5 to 6 years old up to as old as the pages sitting below the Vice President's chair. It was in the middle of winter, in January, in a climate like that of New York State. The children would be there huddled up, almost unconscious, some of them quite unconscious, and practically all of them so far gone that they could not lift an arm to take a crust of bread; some of them could, but most of them could not. It was necessary to get the arm of the child limbered so that he could feed himself or wait until he became a little more conscious.

The first act of that child almost invariably would be to take hold of your coat sleeve, draw it to his lips and kiss the sleeve for bringing that little relief. That was just the first stage of starvation.



Then over in the public buildings were to be found hundreds of children, segregated, with little or nothing to eat, with straw on the floor on which to sleep or perhaps nothing but the bare stone floor, with no blankets, with rags covering their emaciated bodies. There we found the second stage of starvation. These little fellows, boys as big as our pages, and in many cases grown people, had reached the stage which is known as "starvation bloat," when the abdomen becomes frightfully distended by gas and the gnawing pains become excruciating; then comes a state of coma, and then death. That, Mr. President, is starvation. That is a spectre that follows a man who has seen it all his life; and I have seen it in hundreds and thousands of cases, and Mr. Hoover also has seen it as I have.

God forbid that we should ever approach even serious hunger in this country. We have a country which according to recent statistics has approximately half of all the wealth of the world. We have approximately 47 per cent of all the copper above ground ready for sale, and we have 50 per cent of all the cotton; we have 40 per cent of all the gold in the world; we have foodstuffs enough to keep us going for a year and a half or two years, most of which is in warehouses, elevators, and granaries. Its maldistribution may be a monetary problem, but I believe that we are going to be wise enough to solve it before more serious conditions confront us.

I believe sincerely that we are at the bottom; and, while we may bump along on the bottom for a while, I am not willing to admit that we in this country are not smart enough to distribute our riches so that there will be no hunger, so that there will be an average prosperity in due time; but, Mr. President, I am not willing to sit here in the Senate and see a measure of this character defeated if I can do anything to help secure its passage.

The bill as a legislative measure may be entirely unsound, as the Senator from Kentucky has said. I do not dispute that; and I may add that a great many other measures we have passed during the last three months are, in my opinion, unsound in principle during normal times; but we are not in normal times; we are in the most violent, the deepest, the most serious depression that we have ever known. The whole world is stumbling along, groping for some remedy, and it is up to us to find remedies because we have the wealth; we should be able to distribute it properly, and we will eventually, in my opinion, lead the other civilized nations of the world that are suffering very much as we are out of this morass.

We know—and there is not a man in this country who dares dispute this statement—that we are in the midst of real and very great suffering on the part of hundreds of thousands of people. The mental suffering is perhaps just as serious as is the physical suffering; it may be even more serious, because a very large part of it is dread of the future, the dread of hunger; and the dread of hunger is almost as bad as hunger itself. This bill provides relief to the extent of \$300,000,000, which is a vast sum of money, almost as much as we debated 10 or 12 years about and finally put into the Panama Canal; and I can see this bill bringing not only mental but physical relief to hundreds of thousands of people who have been waiting for something of this sort. If we have not the courage to stand up like men and pass this bill to-day, the Senate will rightly be accused of being cowardly; and we can not stand that. It is wrong to say that we can not afford, under the circumstances, an expense of this kind.

Mr. President, let me say just a word about the method of distribution, and then I am through. I happened to be a member of the subcommittee that discussed the details of this bill; we considered them at great length, and I feel that our decision was wise. The question was whether the Reconstruction Finance Corporation officials should take the responsibility of distribution in the States or whether, being loaned to the States, the whole responsibility for the distribution of the funds should be put upon the States. We decided in favor of the latter course, because it is obviously impossible in the time allowed—and this is an emergency

measure, and time is of the essence—to create a Federal organization sufficiently large to reach out into every State, to determine the necessities in the various States and the cities and rural districts in the respective States, and then allocate the correct amount for each district, with the needs radically changing every week and every month. It would be an impossible task, and in the work of such an organization there would be many mistakes; countless delays would result which would cause apprehension everywhere; and, in the long run, the distribution would be no more effective than would that made by the States themselves. So the committee decided unanimously that the governor of each State should be held solely responsible. We thought of adding other officials, such as the secretary of state and the attorney general, to act with the governor and divide the responsibility with him, but we finally decided to center the entire responsibility upon one man, the governor, the certificate of necessity and the problems of the distribution of supplies, whether or not in the form of money, to a local organization such as the Red Cross in some of the large cities or to some charitable organization to be distributed by them according to the conditions they might find. So, it seemed wisest and best to lodge full responsibility in the governor.

Now, as to the question of loans. In every case we wanted the amount advanced by the Federal Government to be a loan, believing that the States would pay; but that is obviously impossible, because the laws of many States do not allow borrowing by the State without a special act of the legislature. So we have accepted the La Follette amendment and added the words "or advances" wherever the word "loans" appears, so that it is optional whether it is a loan or whether it is an advance.

We retain in the bill certain drawback provisions so that the Federal Government may get back at least a portion of its money by taking from the States in the future funds available under the Federal roads act, and such a provision is in the bill.

I do not think any of us are fooling ourselves as to the liberality of this bill. It is not a business proposition. It is an emergency relief measure for real destitution. If a State wishes to treat this money as a loan, it may and it should pay back the loan. It can offer State bonds, if they are worth anything. It can offer municipal bonds. There are some States in this country, however, which are perhaps the hardest hit by destitution, which can not borrow, which can not raise any money by the sale of their bonds, and they need immediate relief. There are many municipalities that are in the same situation. I can speak thus freely because I happen to come from a State which is entirely independent, with a substantial surplus to-day; and, so far as I know, my State, Connecticut, would not think of borrowing from the Federal Government for this purpose. We are in a fine condition, relatively speaking, and so are many other States that have been thrifty, that have conserved their resources, that have believed in and practiced the pay-as-you-go policy, which we have been following in Connecticut for many years.

So I am not speaking from the want of my State. I am speaking from an absolute conviction as to the danger of what we are facing, and the positive necessity of relieving it quickly, both mentally and physically.

I hope the bill will pass.

Mr. JONES. Mr. President, I desire to ask the Senator a question.

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Does the Senator from Connecticut yield to the Senator from Washington?

Mr. WALCOTT. I do.

Mr. JONES. I am heartily in favor of this measure. I confess, however, that I was really shocked when I read in the bill, in view of the character of the measure, that 5 per cent interest is charged upon the money that is to be given to relieve the distress of the people of the various States.

The Senator from Connecticut helped to prepare the bill. I know there must have been some good reason why that



provision was put in the bill, and I should be very glad if the Senator would explain it.

Mr. WALCOTT. I shall be very glad to do so.

The 5 per cent applies to the drawbacks only. That is, the money carries with it a charge of 5 per cent interest, on the assumption that the provision for drawbacks is going to be valid and that we can withdraw this money by failing to appropriate Federal funds for Federal-aid roads. That carries a charge of 5 per cent. I should like to offer an amendment, which I think answers the Senator's question entirely.

On page 3, line 15, after the words "upon such terms," insert the words "and at such rates of interest"; and then it goes on, "as may be agreed upon between such State and the Reconstruction Finance Corporation."

Then, if the Reconstruction Finance Corporation sees fit, it can put a premium on the State funding its obligations. Suppose, for instance, drawbacks carry 5 per cent interest. A State, however, which is able to fund its loans by its bonds, municipal or State bonds, may then go to the Reconstruction Finance Corporation and agree upon such terms and such rate of interest as may suit the corporation; and the corporation certainly would be willing to put a premium on the loan being refunded by the State. They could say, "We will accept your refund on a basis of 3 per cent from the beginning of the loan," or 3½ per cent, or whatever the prevailing rate at that time for Government money might be.

Mr. JONES. Does not the Senator really think that under the conditions that confront us—under the conditions that make it necessary, I think, for the National Government to take some action along these lines—we really ought to apportion this money to the States without asking for any interest at all, and of course let it be paid hereafter from the general Treasury of the United States; let it become a part of the national debt, if you please, to be repaid hereafter by all the people of the country in such manner as we may raise money?

Mr. WALCOTT. Mr. President, of course it is a matter of opinion as to how generous we should be, and to what extent we should forsake all business principles; but we must not fool ourselves about this. We must remember that the Government has not this money now. The Government will have to raise it by taxes or by the sale of bonds. Therefore, although it is a lending and not a spending corporation, the Government ought to be able to charge as much as the money costs it, which would not be less than 3½ per cent, and at the present time it would be 4 or 4¼ per cent.

Mr. LA FOLLETTE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Wisconsin?

Mr. WALCOTT. I do.

Mr. LA FOLLETTE. I wish to direct the Senator's attention to the amendment which he has just suggested.

The Senator's amendment, as I understand it, would take care of the States that are able to enter into an agreement to borrow this money from the Reconstruction Finance Corporation; but it would not take care of the situation of the 12 or 13 States which have constitutional inhibitions against incurring debts, and which will have to take this money as a result of advances made, to be deducted from the future highway funds.

I see no reason in equity why a State, merely because it has that constitutional provision, should be charged a rate of interest of 5 per cent, while a State which has not that constitutional provision will be able to get this money at a lower rate of interest.

I wanted to suggest to the Senator, although I do not know that the amendment is properly worked out, that if an amendment were inserted on page 2 (if the Senator will refer to a copy of the bill), line 18, after the word "of" to insert "not to exceed," and after the word "annum" to insert "but in no case shall the interest rate exceed the average rate of interest paid upon the outstanding obligations of the Reconstruction Finance Corporation," that would result, or at least the intent of the amendment would be to provide that the rate of interest charged either upon a loan or upon

an advance, in the case where a loan could not be made, should not be in excess of the average rate at which the Reconstruction Finance Corporation obtained the money which it was thus loaning or advancing to the several States.

Mr. WAGNER. Mr. President, the original bill as we proposed it provided for no interest. We followed rather the philosophy of the Senator from Washington [Mr. JONES] that in a matter of this kind, in which we were dealing with a humanitarian question, the matter of interest should not enter; but the majority of the committee thought otherwise. I suggest, however, that we fix a definite rate of interest, and that whether the State borrows under its constitutional power or whether it borrows by taking an advance and having it liquidated by reductions from the Federal aid to State highways, the rate ought to be uniform. Otherwise, I think it would leave it open, perhaps, to unintentional favoritism; or, at any rate, different States might be dealt with differently.

Mr. NORRIS. Mr. President, I agree with the Senator that in my judgment it would be a great mistake not to have a uniform rate of interest. I do not believe we ought to have a different rate in one State than we charge another State; but this is the point to which I wanted particularly to call the Senator's attention:

These obligations of the Reconstruction Finance Corporation are, for all practical purposes, Government obligations. The Government guarantees the interest and the principal; so it would seem as though the Reconstruction Finance Corporation, or the bonds that it issues to get money, would not have to pay any higher rate of interest than the Government itself would pay if it were borrowing the money directly. Was there any contention in the committee that the Government would have to pay 5 per cent interest to borrow this money?

Mr. WAGNER. No.

Mr. NORRIS. Then, assuming that the States would pay back all they got, the Government would make a profit out of it.

Mr. WAGNER. That may very well be. I see that the Senator from Michigan is on his feet.

Mr. COUZENS. Mr. President, if the Senator will yield—

Mr. WALCOTT. I yield the floor.

Mr. COUZENS. I should like to say in this connection that I was in the committee when this rate was fixed. It was generally stated, as I recall, that the banks and the railroad were paying 5½ per cent upon loans made by the Reconstruction Finance Corporation; and it was also pointed out that there is considerable expense incurred in operating the Reconstruction Finance Corporation, which should be taken care of out of the earnings of the corporation, so as not to be an expense upon the taxpayers.

Many of us have said, on the floor and in correspondence, that the operation of the Reconstruction Finance Corporation was not a burden upon the taxpayers; that all that was used was the taxpayers' credit and not the taxpayers' money. So, while I do not desire to mention the name of the Senator who made the motion in the committee to fix this rate at 5 per cent, I think it was generally agreed that it would require that rate of interest not only to reimburse for the borrowing of the money but to pay the operating expenses of the Reconstruction Finance Corporation.

Mr. WAGNER. I intended, I may say to the Senator, upon my own responsibility, to move an amendment making the rate of interest lower; but, if I may make this suggestion, since the work which the Reconstruction Finance Corporation has to perform under this act is of a very simple character—upon the certification of the governor, automatically the fund is given to the State—I do not think it will involve any very great additional expense of operation.

Mr. NORRIS. Mr. President, it would not be a serious matter if the Government lost money on this operation. It is almost the same thing to take this money and give it to the States as though we did it directly. In fact, if we had the machinery, or could get it together without any great expense, I would prefer to do it that way myself.



So suppose we do lose something: It is only taking the money out of one pocket and putting it in the other. A Senator says it would not balance the Budget. That may be true; but if the Budget can be balanced by a mere shifting of bookkeeping, the importance of its balancing fades into insignificance.

I do not believe that we ought to make any profit out of this thing, take it from the States, and give it to the Federal Government. It is not a business proposition that we are going into. It is not profit that we want. On the other hand, suppose the Federal Government loses the money. If it loses it, it is because the States do not pay it; and if we paid it out directly in charity and lost it, it would not be any greater burden. It might be divided just a little bit differently; but perhaps some of the States would not borrow up to their proportionate share and others would, so it would not be serious.

Why should the Government insist on what I believe would result in making a profit? The greater additional expense that is to come to the Reconstruction Finance Corporation on account of this bill, if it is passed and becomes a law, will be very slight as compared with the amount of money involved. A very small per cent, a fraction of 1 per cent, will much more than pay all the expense that this adds to the financial burdens of the Reconstruction Finance Corporation. They exist anyway; and on this large amount of money a rate of interest that is perhaps 2 per cent higher than the Government will have to pay for the money would mean an additional burden that must be paid by the people who get the money, really, to help the unemployment situation.

I think well of the suggestion made by the Senator from Washington that we could do it without any interest. It would cost something, and the Federal Government would lose it; but it is to save the situation, it is to improve the business conditions of the country; and if it will do that, and get rid of a large share of the unemployment, we could well afford to let it go that way.

I hope the Senator from New York, or some other Senator connected with the committee, will make the motion. The interest ought to be very materially lowered, it seems to me.

Mr. HATFIELD. Mr. President, a German mathematician has recently observed that the World War resulted in casualties of 11,000,000 killed and 19,000,000 maimed, with an expenditure of more than \$500,000,000,000, a sufficient amount of money to buy a \$2,500 home in a 5-acre plot, with \$1,250 worth of furniture, for each and every family in the United States, Canada, Australia, England, Belgium, France, Russia, and Germany, and in addition a hospital, university, and schools, including the salaries of teachers, nurses, doctors, and professors, for every group of 20,000 inhabitants.

With this enormous sacrifice of human lives and wealth it is no wonder the world is now experiencing a reaction and is in a distressed condition, and even in this glorious country the need of relief is keenly felt and must be met.

Mr. President, I favored this kind of relief legislation many, many months ago. When I was fortunate enough to be on the subcommittee with the distinguished Senator from Wisconsin [Mr. LA FOLLETTE] which considered a relief measure I did not feel that I could support the measure being considered in its entirety. I offered an amendment to the bill of the distinguished Senator from Wisconsin and the distinguished Senator from Colorado in the way of a substitute. That substitute carried an appropriation of \$300,000,000 to be used by one group of States in this Union which could negotiate for a loan of this character, and \$200,000,000 to be used by another group of States, those which had no borrowing clauses or restrictive clauses in their constitutions, and an additional \$110,000,000 to take care of the public buildings which have been allocated but not appropriated for, making a sum total of \$610,000,000.

Mr. President, I am glad of the opportunity which will be presented to me soon to cast my vote in favor of relief legislation, so that the 48 States in this Union will have an opportunity, through the Treasury of the United States, and

by means of the instrumentalities of the Reconstruction Finance Corporation, to assist needy and distressed people. It will afford them a facility, in the way of a credit, of which they are deprived at the present time due to the inability of the States, in many instances, to sell gilt-edged bonds upon the markets of this country.

I feel that this relief legislation should have come a long time ago and that it will bring great help to the families in the respective States of the Union.

I offer for the Record a copy of the amendment which was proposed by me on this floor when the relief bill was introduced by the Senator from Wisconsin and the Senator from Colorado, to show to this body that I was in sympathy with the effort to grant relief then as I am in sympathy with the movement at this time. There is no piece of legislation which this honorable body has considered at this session that will give to each governor and each group of States a greater lift, a greater support, than the bill which the distinguished Senator from New York [Mr. WAGNER] is championing at the present time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

There being no objection, the substitute bill formerly submitted by Mr. HATFIELD was ordered to be printed in the Record, as follows:

Amendment in the nature of a substitute intended to be proposed by Mr. HATFIELD to the bill (S. 3045) to provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes, viz: Strike out all after the enacting clause and insert in lieu thereof the following:

"That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$300,000,000, one-third of which shall be immediately available, for loans by the Secretary of the Treasury to the several States in the manner hereinafter provided. Not more than \$100,000,000 of this amount shall be loaned during the fiscal year ending June 30, 1932.

"Sec. 2. (a) Out of the amounts appropriated pursuant to section 1 the Secretary of the Treasury is authorized and empowered to make loans to the several States in the manner hereinafter provided and in such amounts as the Secretary shall determine.

"(b) Each application for a loan under the provisions of this act shall be made by the governor of the State. Loans to the States in the amount hereinbefore authorized shall be made by the Secretary of the Treasury, but no loans shall be made to any State until the governor has furnished the Secretary of the Treasury, under rules and regulations prescribed by the Secretary of the Treasury, notes, debentures, bonds, or other obligations of the State in an amount equal to the amount of the loan. Such loans shall bear interest at not more than 5 per cent and shall mature not more than five years from the date of the loan.

"(c) If any loan made to a State under the provisions of this act has not been repaid at the expiration of five years from the date of the loan, there shall be deducted in each year thereafter, and applied to the discharge of the principal and interest of such loan, an amount equal to one-tenth of the sum that would otherwise be paid to such State by virtue of allocations from any appropriation or appropriations that may be made pursuant to or to carry out the purposes of the Federal highway act, as amended.

"Sec. 3. (a) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$200,000,000, of which \$75,000,000 shall be immediately available, for grants by the Secretary of the Treasury to the several States, in the manner hereinafter provided. Not more than \$75,000,000 of this amount shall be advanced during the fiscal year ending June 30, 1932.

"(b) The amount authorized by this section shall be available for grants to any State which by reason of the inhibition of its constitution can not, under its existing law or by an act of its legislature, authorize an application by the State for a loan under section 2 of this act, or any State which has already borrowed to the full extent authorized by its constitution and laws, and can not under its constitution increase the authorization by act of its legislature. Grants made to any State under this section shall be in such amounts as the Secretary of the Treasury shall determine. Requests for grants under this section shall be made by the governor of the State and shall be accompanied by a statement that the amount requested is necessary for emergency relief in such State and can not be obtained either from public or private sources. At the time of making any such request the governor shall agree that he will recommend to the legislature of his State and also to the people thereof such action as may be necessary and appropriate to insure the repayment to the United States of all amounts received by the State pursuant to such request.

"(c) If any grant made to a State under the provisions of this section has not been repaid at the expiration of five years from the date of the grant, there shall be deducted in each year thereafter an amount equal to one-tenth of the sum that would other-



wise be paid to such State by virtue of allocations from any appropriation or appropriations that may be made pursuant to or to carry out the purposes of the Federal highway act, as amended. The amount so deducted shall be applied toward the discharge of the amount of such grants to the State.

"Sec. 4. There is also hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$110,000,000 for expenditure by the Secretary of the Treasury for the construction, enlarging, remodeling, or extension of public buildings under the control of the Treasury Department in cities for which allocations have heretofore been made, but for which estimates have not been submitted to Congress. Such amount may be expended without regard to the provisions of section 4 of the public buildings act of May 25, 1926, as amended, requiring the submission of estimates to the Bureau of the Budget, and the Secretary of the Treasury is hereby authorized to fix the limit of cost for each of such projects. Expenditures for professional services may be made from such amount without regard to any act limiting expenditures for outside professional services. Such amount shall be in addition to any amounts heretofore authorized under such act of May 25, 1926, as amended, and except as herein otherwise provided shall be expended in accordance with existing law.

"Sec. 5. The Secretary of the Treasury is authorized to make all rules and regulations necessary to carry out the provisions of this act."

Mr. WALSH of Montana. Mr. President, I take a sympathetic view concerning the proposition advanced by the junior Senator from Alabama [Mr. BANKHEAD] in the amendment which is pending. I think the movement it suggests is one which merits very general approval. If we got these people off on to farms or little patches of ground which they could cultivate, they would at least be assured of something to eat. There would be a social advantage to it which it is impossible to measure in dollars and cents, and it would undoubtedly be of very great value.

I hope, however, that the Senator from Alabama will not press his amendment to this particular bill. This bill has for its purpose the immediate relief of pressing want, of want which needs relieving immediately, whereas to utilize any of these funds for the purpose of making what might be regarded in the nature of a capital investment, the acquisition of farm or garden properties, or the leasing of farm or garden properties, with the necessary tools and equipment for the purpose of operating them, a house to live in, and the buildings appropriate to the vicinity, would be, it seems to me to utilize the fund for a purpose entirely apart from that contemplated by the pending bill.

I call the attention of the Senator from Alabama to the fact that the subject was not without consideration by the committee from which the bill originated, and in its bill, which it is expected the Senator from New York will press for consideration at the very earliest possible date, provision is made for just exactly that kind of thing. I call the Senator's attention to section 2 of Senate bill 4755, which reads as follows:

The Reconstruction Finance Corporation is further authorized and empowered to make loans (1) to States, municipalities, and political subdivisions of States, public or quasi-public corporations, and public or quasi-public municipal instrumentalities of one or more States to aid in financing projects authorized under State or municipal law and which are self-liquidating in character.

The Senator has in mind projects which are self-liquidating in character. The moneys invested in them will eventually, it is hoped, be returned so as to satisfy the loans. The moneys provided by the pending bill are not expected to be utilized in projects of that character, except as is indicated in the opening paragraph of the bill, which provides that the funds shall be used in furnishing relief and work relief. That is rather remote from the idea of acquiring lands upon which to settle persons who might cultivate them.

If the Senator from Alabama is not convinced that the provision of Senate bill 4755 to which I have called his attention will meet the cases he has in mind, I am very sure that those of us whose names are appended to the bill as sponsors for it will be very glad to make such amendment of it, or to accept an amendment tendered by the Senator from Alabama to it as would seem to meet the situation. But it does seem to me that it is quite apart from the purpose of the bill before us.

Mr. BANKHEAD. Mr. President, I greatly regret the position taken by the eminent Senator from Montana, for whom I have the highest regard, especially as he is in sympathy with the program outlined in my amendment. Here is a bill which we all really believe will promptly pass the Congress and will have the approval of the President. It apportions to each State an amount of money based upon the population of the State. It leaves to each State in a general way the manner of the distribution or apportionment within the State.

The Senator from Montana, for whom I have both affection and the highest respect, suggests that while the purpose of the amendment I have offered meets his approval, and in the very face of an opportunity to incorporate it in a bill which will doubtless become law, this provision be deferred, to be put into a controversial bill, a bill which we have no assurance will pass Congress and be approved by the President.

Mr. WALSH of Montana. Mr. President—

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Does the Senator from Alabama yield to the Senator from Montana?

Mr. BANKHEAD. I yield.

Mr. WALSH of Montana. Let me say to the Senator from Alabama that I am in exactly the same situation in which he finds himself. There are provisions in the other bill to which I am very particularly wedded. I believe that the best possible relief we can extend to those people who are without work is to give them work.

Mr. BANKHEAD. I agree with the Senator.

Mr. WALSH of Montana. I am very much in earnest in supporting the provisions of the other bill, which provides for loans for self-liquidating projects and loans for public works, but I do not feel as if I ought to try to inject into the pending bill those particular provisions of the other bill to which I am particularly attached.

Mr. BANKHEAD. Mr. President, it has been suggested to me that under the general provisions of the bill specific authority for the purposes indicated in my amendment is not necessary because it is already granted. I hear the further suggestion that the power is not incorporated and that it ought to be put into some other bill. I do not know just which conclusion or construction is right; but if any State, such as my State, is apportioned under the pending bill a fixed sum of money for relief, I can not understand why Senators should object if we are given merely the option of administering the fund in a way which we think will produce not only temporary relief but in large measure permanent relief, so that those to whom we now give the relief will be removed from the list of those who are from time to time requiring emergency relief.

Mr. WALSH of Montana. Mr. President, that is exactly the objection I have made to the bill. To use any of the funds for purposes such as suggested by the Senator will, of course, in the long run, afford relief, but it will afford no immediate relief. It does not help a man just now to give him a farm upon which he can work and get a crop which will be produced a year from now and sold 18 months from now.

Mr. BANKHEAD. Mr. President, it does him a world of good if you take him and establish him on a little farm, and make a sufficient advancement of money for supplies and feed and food to sustain him until he does make a crop.

Senators talk about getting relief for these individuals from the Reconstruction Finance Corporation. That may be all right for what are commonly known as self-liquidating construction programs, where financiers come and present their plan, with their statements of probable receipts and disbursements, so as to convince the hard-boiled members of the Reconstruction Finance Corporation that there will be sufficient returns, including profits from the project, to liquidate their investment.

I would like to know what chance the farmer in Alabama or Florida, who is destitute, who left his farm as the result of the lure of industry and went to the industrial centers,



would have before the Reconstruction Finance Corporation here in Washington to secure a loan to establish a little subsistent home upon the idea that the loan was placed upon a self-financing proposition?

As I said earlier in the day, in the city of Birmingham, the greatest industrial city in our State, 60 per cent or more of the people—and I hope Senators will mark this statement—are colored, colored men with their families, who have been drawn away from the farms into that city to work in industries there.

The white people of that section have been just as good and generous and kind to them as they can be. They have been given the same attention as the white people from the community chest. But the time has come there, as it has come elsewhere in the United States, when they are unable to go forward continuously with their program. In advance of this legislation, in anticipation of it, in the hope that in some way the plan may be worked out, the industrial leaders, the community chest, the Red Cross leaders, in cooperation with the Governor of Alabama, have already developed plans to aid these poor former farmers, both white and black, but mostly colored, to go back into the country on little subsistent homes and to take care of them until they are able to dig out of the ground a vegetable crop and another kind of crop of some kind to keep their families together, and to have an opportunity to earn at least a bare living of some kind in the old line of occupation in which they were raised—that of tilling the soil.

If we want to use part of our money in that way—and it is our money if Congress distributes it to us—why should any Senator object? It is proposed to leave in large measure to the discretion and judgment of the governor or the administrative board of each State the manner of distributing these funds, and while it is my real thought that it could be done under the general provisions of the bill, still a strict constructionist governor or administrative board might think otherwise. The only purpose of my amendment is to give each State, at its own election, the right, without challenge, without being questioned, to use such part of this fund as it sees fit for that purpose, which is not only temporary but I submit in large measure will furnish permanent relief for those who are given that temporary relief.

What objection could anyone have to it? No objection has been made except that we ought to wait and put it in another bill. It does not in any way increase the appropriation in this bill. It does not in any way change the purposes of the bill. It is absolutely consistent with the purposes of the bill because it carries immediate and temporary relief. If the bill is passed, according to my advices from my home State, within the next two or three weeks large numbers of these destitute families will be placed under the provisions of the bill. It is not intended as a self-liquidating proposition. If the money is given to the States, they may use it as they see fit, but of course it is better in placing these people upon farms to remove them from the thought of a gratuity or a gift, to let them buy these little places and give their obligations for them. If the State authorities ever get back the money, they are just that much ahead in the matter of the reduction of these loans. If they do not get it back, then I submit they have performed a real act of charity and mercy, and connected with it have done it in a long-time planning system of removing that number of people possibly from the gratuity of Congress at some subsequent session.

So I appeal to Senators to incorporate the amendment in the bill. It can have no injurious effect. In each State we have to entrust State officials with the proper administration of the fund. I insist that this is purely an option, which I hope the Senate will give to the States with the assurance that my own State stands ready to put it into prompt execution to relieve destitution among the colored and the whites.

Mr. WHEELER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Montana?

Mr. BANKHEAD. I do.

Mr. WHEELER. I notice the Senator's amendment states that—

All or any part of such grants may be disbursed in aid or furtherance of any program or programs of unemployment relief based on the location of those deemed entitled to relief on farm lands either in such State or elsewhere.

Mr. BANKHEAD. The thought in the use of that language was that we adjoin the State of Florida where the climate is fine and the soil suitable for the cultivation of quick crops and winter crops. If some of our citizens prefer and desire to establish a colony just across the line on the bay, then we would be authorized to do it. That is the only object. I have no objection to having that expression "or elsewhere" stricken out, but that is the purpose of the language.

Mr. WHEELER. It is doubtful whether the governor of the State would have a right to loan money for any purpose whatsoever outside of his own State.

Mr. BANKHEAD. Since the question is raised, I am content to strike out the words "or elsewhere."

The PRESIDING OFFICER. The Senator modifies his amendment as stated.

Mr. WHEELER. The Senator's amendment further provides "either by direct expenditure or by loans to any approved agency or groups or individuals." It seems to me that last provision would give the governor authority and power to make a loan to any corporation.

Mr. BANKHEAD. No; it does not say corporation.

Mr. WHEELER. It says "to groups or individuals."

Mr. BANKHEAD. The agency which we have in mind is the Red Cross, whose officials there are already on the ground and in full accord with this plan.

Mr. WHEELER. I would not have any particular objection, but I think frankly under the terms of the bill that the governor of the Senator's State would have authority in his discretion to make any kind of a loan he wanted to make for the relief of the unemployed.

Mr. BANKHEAD. I have frankly stated that I entertain the same view. The question has been raised by the Senator's very able lawyer colleague the senior Senator from Montana [Mr. WALSH]. We all have complete confidence in his judgment. If there is any question about the absolute right, although many Senators think it is proper, I will make that language specific so as to give full assurance of protection to the administrative agencies in those States that see fit to use it as a part of their relief program.

Mr. ROBINSON of Arkansas. Mr. President, let me say just a word about the amendment of the Senator from Alabama. The language of the bill is quite broad. It does not expressly include such disposition of the funds by a governor as is contemplated by the amendment, but nevertheless on the whole the amendment is an alteration of the primary purpose of the bill, and if it should be agreed to and any governor should carry it out, it would result in limiting—mark my statement in this particular—the benefits of the bill to a very small number of persons.

Mr. BANKHEAD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Alabama?

Mr. ROBINSON of Arkansas. I yield.

Mr. BANKHEAD. I think the Senator ought to recognize that that depends entirely upon the number to whom the benefit is to be given. I can not see why the Senator makes that statement.

Mr. ROBINSON of Arkansas. I will explain to the Senator from Alabama. Assume that \$10,000,000 is available for any State under the provisions of the bill for relief work and that it is all expended in accordance with the amendment proposed by the Senator from Alabama. How much would it be necessary to advance to each individual in order to transport him from the congested centers, procure for him a farm or the necessary land, and place him in a position to cultivate those lands? Estimating the figure at \$2,000, then \$10,000,000 would afford relief to 5,000 persons.



Mr. BANKHEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Alabama?

Mr. ROBINSON of Arkansas. I yield.

Mr. BANKHEAD. A gentleman here a few days ago, one of our outstanding men, said that the Red Cross and the business interests there had estimated that they could place a very large number of families on such farms at a cost of \$250 each.

Mr. ROBINSON of Arkansas. Of course, anyone who has had any experience in farming knows that he can not for \$250 buy land adequate to support a family, equip it with the stock and implements necessary to cultivate it and with the supplies essential to carry on the farming activities. The fact that the amendment is based on that kind of an estimate is to my mind a conclusive argument against its adoption.

The purpose of the bill is to afford immediate emergency relief to those who are in such distress that they can not procure food, clothing, and other absolute necessities of life. To enter upon a program such as is contemplated by the amendment of the Senator from Alabama would be to divert the use of the fund from its primary purpose. Without doubt, it is desirable that some arrangement should be made for a "back to the farm" movement. It is a very helpful movement. But much more credit will have to be provided than the \$300,000,000 carried in the bill. The plan will have to be worked out with some degree of caution and should not, in my humble judgment, be entered upon in this way. It is an important movement and a proposal that deserves consideration by itself. It should not be injected into this so-called emergency relief measure.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Alabama. The amendment was rejected.

Mr. COSTIGAN. Mr. President, I send to the desk and now offer an amendment to strike out all after the enacting clause and substitute certain language.

Mr. GEORGE. Mr. President, before the Senator offers that substitute I desire to offer an amendment so as to perfect the text of the original bill. I was advised that the Senator from Montana [Mr. WALSH] had prepared an amendment which perhaps includes the amendment which I wish to offer. I shall be glad to yield to him to offer his amendment.

Mr. COSTIGAN. Mr. President, if it is the desire of other Members of the Senate that their amendments shall be considered before my substitute is offered, that course is entirely agreeable. I simply do not wish to lose the opportunity to present my substitute.

Mr. WALSH of Montana. This will be, of course, for the purpose of perfecting the text. I was impressed, Mr. President, as I am sure every Member of the Senate must have been, by the observations made by the Senator from Wisconsin [Mr. BLAINE] and also those advanced by the Senator from Georgia [Mr. GEORGE], to the effect that if these funds went into the State treasury in many States, I dare say in most of the States, it might be urged that they could be withdrawn from the State treasury only in pursuance of an appropriation made by the legislature of the State. Provisions of that kind are found in the constitutions of most of the States as a similar provision is found in the Constitution of the Federal Government. I am not sure that the situation can be adequately met, but I now offer an amendment, which perhaps will accomplish the purpose of freeing the funds from the strictness of the constitutional provisions to which I have adverted. The amendment reads as follows:

Any sum received by any State under this act shall be held as a special fund to be applied as herein provided by the governor thereof without regard to the restrictions applicable to the ordinary revenues of the State.

In other words, we segregate this fund from the funds to which the constitutional provisions would be applicable.

Mr. President, I offer this amendment in connection with the language on page 4, to strike out all after the comma in line 14, so that that portion of section 2 will read:

Any funds made available to a State pursuant to this act shall be administered by the governor, or under his direction, and upon his responsibility.

Then I propose to insert:

Any sum received by any State under this act shall be held as a special fund to be applied as herein provided by the governor thereof without regard to the restrictions applicable to the ordinary revenues of the State.

The PRESIDING OFFICER. The Senator from Montana offers an amendment which will be stated.

The CHIEF CLERK. On page 4, line 14, it is proposed to strike out all after the comma, following the word "responsibility," and to insert:

Any sum received by any State under this act shall be held as a special fund to be applied as herein provided by the governor thereof without regard to the restrictions applicable to the ordinary revenues of the State.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Montana.

Mr. GEORGE. Mr. President, I am quite satisfied that that amendment meets the difficulty which I wished to indicate, particularly in connection with the State of Georgia and no doubt as to other States.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Montana.

Mr. McKELLAR. Mr. President, I wonder if the Senator from Montana will accept an amendment to his amendment? I will read the amendment I propose:

*Provided*, That in States where there is a State board constituted for controlling the financial affairs of the State such board shall distribute, under the supervision of the governor, the amount allotted to any such State.

Mr. LEWIS. Mr. President, may I be so bold as to suggest to the Senator that I think that an amendment tendered by myself a little earlier in the day, providing that separate bodies of the kind referred to shall have the right to administer the fund, under the governor, covers the thought he has in mind.

Mr. McKELLAR. Has that amendment been adopted?

Mr. LEWIS. Yes, sir.

Mr. McKELLAR. If such an amendment as that has been adopted, I will examine it, and I will withdraw my proposed amendment for the present.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Montana.

The amendment was agreed to.

Mr. WALSH of Montana. Mr. President, in view of the discussion of the subject of interest, I desire to offer two amendments. In line 16, page 2, I move to strike out "5" and to insert "3," and I also propose the same amendment in line 18 on the same page.

The VICE PRESIDENT. The amendment proposed by the Senator from Montana will be stated.

The CHIEF CLERK. On page 2, line 16, it is proposed to strike out the numeral "5" and to insert the numeral "3," and on the same page, in line 18, to strike out the numeral "5" and insert the numeral "3."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. McKELLAR. Mr. President, I call the attention of the Senator from Montana to the fact that the amendment of the Senator from Illinois [Mr. LEWIS], which I have just read rather hastily, does not seem to cover what I think should be embodied in this bill. Therefore I will offer my amendment, and I do not see how there can be any objection to it. I will read it again so that Senators may understand it. It is as follows:

*Provided*, That in States where there is a board constituted for controlling the financial affairs of the State such board shall distribute, under the supervision of the governor, the amount allotted to any such State.

Mr. WALSH of Montana. I see no objection to that amendment.

Mr. McKELLAR. I offer that as an amendment to the amendment of the Senator from Montana.



The VICE PRESIDENT. In that event it will be necessary to reconsider the vote whereby the amendment of the Senator from Montana was agreed to.

Mr. McKELLAR. Then I move to reconsider the vote by which the amendment of the Senator from Montana was agreed to.

Mr. WALSH of Montana. Mr. President, there can be no objection to the amendment of the Senator from Tennessee and he can offer it as an amendment to follow the amendment adopted on my motion.

Mr. WALCOTT. Mr. President, I do not understand the amendment.

Mr. McKELLAR. Mr. President, I will ask the clerk to read it again. I am quite sure there will be no objection to it.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On motion of the Senator from Montana [Mr. WALSH] the following amendment was adopted:

Any sum received by any State under this act shall be held as a special fund to be applied as herein provided by the governor thereof without regard to the restrictions applicable to the ordinary revenues of the State.

To which the Senator from Tennessee offers the following proviso:

*Provided*, That in States where there is a State board constituted for controlling the financial affairs of the State such board shall distribute, under the supervision of the governor, the amount allotted to any such State.

The VICE PRESIDENT. The amendment offered by the Senator from Tennessee may be considered as a separate amendment and it is not necessary to reconsider the vote whereby the amendment of the Senator from Montana was adopted. The question is on agreeing to the amendment offered by the Senator from Tennessee.

The amendment was agreed to.

The VICE PRESIDENT. The question now is on the amendment in the nature of a substitute offered by the Senator from Colorado [Mr. COSTIGAN], which the Secretary will state.

The CHIEF CLERK. The Senator from Colorado offers a substitute to strike out all after the enacting clause and insert what is known as Senate bill 4592.

Mr. WALSH of Montana. Mr. President, I should like to inquire of the Senator from Colorado if the amendment he has offered in the nature of a substitute is what is known as the Costigan-La Follette bill.

Mr. COSTIGAN. It is in substance, with slight modifications, the same as the bill introduced by me on May 4 (calendar day, May 6), 1932.

Mr. WALSH of Montana. And the amendment, in substance, embodies the general provisions contained in the bill referred to?

Mr. COSTIGAN. As originally introduced, it provided for a bond issue of \$500,000,000, which, to meet the present mind and mood of the Senate, has been reduced in this amendment to \$300,000,000. The funds are to be administered by a Federal board consisting of four members of different political parties, appointed by the President and confirmed by the Senate. Sixty per cent of the appropriated amount would be distributed among the States according to population. The remaining 40 per cent would go into a reserve fund, to be applied on the basis of need, as urged by the Senator from Idaho [Mr. BORAH] this morning. Furthermore, the safeguards incorporated in the bill introduced by the Senator from Wisconsin and myself in January, with respect to the handling of the funds, are contained in the amendment now offered.

Mr. WAGNER. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from New York?

Mr. COSTIGAN. Certainly.

Mr. WAGNER. The fundamental difference between the amendment the Senator is offering as a substitute and the bill which is now under consideration is, is it not, that the

amendment offered by the Senator from Colorado provides for a direct grant to the States, whereas the bill which is now under consideration provides for a loan, to be liquidated in one of two methods?

Mr. COSTIGAN. It is my understanding that the bill of the Senator from New York, in effect, provides for grants to the States. So the real distinction, as I view it, is one of administrative safeguards thrown around expenditures.

The amendment offered by me also explicitly deals with certain problems which are ignored in the bill of the Senator from New York. For example, we have in this country, as the Senate well knows, a large migratory population. Most transients, as they drift over the country, are outside the specific protection of the relief laws of the various States. This bill directs special attention to the migratory problem and provides that a portion of the funds shall be applied to the protection of the mounting flood of workers now shifting up and down this land, homeless and penniless, looking for work.

The most striking contrast, as I view it, between the bill of the Senator from New York and the amendment I propose as a substitute, outside of differences already stated, relates to the manner in which funds are to be distributed. Under the bill of the Senator from New York the funds committed to the charge of the governors of the respective States may be disbursed within the States largely within the discretion of the various governors. It is to be feared that part of the funds may not be applied to the purposes for which advanced by the Federal Government. So wasteful extravagance and misapplication are easily possible under the measure which is so generally sponsored here to-day, and serious charges of diversion may easily follow the legislative carelessness here sanctioned.

Mr. WAGNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Colorado yield further to the Senator from New York?

Mr. COSTIGAN. Certainly.

Mr. WAGNER. The Senate just adopted an amendment offered by the Senator from Tennessee [Mr. McKELLAR], which provides that where there is an agency created by a State for the distribution of funds of this type, such agency shall distribute the funds. So there is that safeguard, in addition to the responsibility of the governor for the proper administration of the funds.

Mr. COSTIGAN. Of course, I do not wish to enter into controversy with the able Senator from New York, for whom I have great regard, but it is my judgment that, notwithstanding the clause to which the Senator calls attention and which appears to have only limited application, the funds distributed under the Senator's bill may in part fail to reach the field in which they ought to be applied.

Knowing the mind of the Senate and changing economic conditions hurrying its judgment at this hour, I have no reason to suppose that the substitute I intend to offer will be approved. In that event I will, of course, vote for the next best available form of relief. However, I feel that in justice to the Senate, to sound standards of administered relief which this country for years has indorsed, and having regard for relief which ought to be extended on the basis of need, even more than population, particularly at this hour of special distress of the migratory homeless in America, the Senate would render a much finer service to humanity and our country by supporting the substitute measure I have proposed.

Mr. WALSH of Montana. Mr. President, in view of the statement made by the Senator from Colorado, would there be any objection to an agreement to dispense with the further reading of the substitute?

Mr. COSTIGAN. Not at all. If there is any Senator who desires the reading, of course it can be read.

The VICE PRESIDENT. Without objection, the further reading will be dispensed with.

The amendment of Mr. COSTIGAN is as follows:

Strike out all after the enacting clause and insert:

"That (a) for the purpose of cooperating with the several States in providing temporary emergency relief from the hardship



resulting from unemployment, there is hereby created a special fund in the Treasury to be known as the emergency relief fund and to be administered by the Federal Emergency Relief Board created by section 2. For the purpose of providing funds to carry out the provisions of this act the Secretary of the Treasury is authorized and directed to borrow from time to time on the credit of the United States not to exceed \$300,000,000, and to issue bonds therefor, to be known as emergency relief bonds, in such form as he may prescribe. Such bonds shall be in denominations of not less than \$50, shall mature 10 years from the date of their issue, and shall bear interest at such rate as may be fixed by the Secretary of the Treasury, but not to exceed 4 per cent per annum. The principal and interest of such bonds shall be payable in United States gold coin of the present standard of value, and such bonds shall be exempt, both as to principal and interest, from all taxation (except estate, gift, and inheritance taxes, and surtaxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

"(b) Such bonds shall be first offered at not less than par, as a popular loan, under such regulations to be prescribed by the Secretary of the Treasury as will give all citizens of the United States an equal opportunity to participate therein. Any portion of the bonds so offered and not subscribed for may be otherwise disposed of by the Secretary of the Treasury at not less than par. No commissions shall be allowed or paid in connection with the sale or other disposition of any such bonds. All amounts derived from the sale of such bonds shall be paid into the emergency relief fund.

"(c) All moneys in such fund are hereby authorized to be appropriated for allocation to the several States by the Federal Emergency Relief Board, and for other expenditures as provided in section 3 (b).

"Sec. 2. (a) There is hereby created a Federal Emergency Relief Board (hereinafter referred to as the board), which shall consist of four members to be appointed by the President, by and with the advice and consent of the Senate. No more than two members of the board shall be of the same political party. The board shall have full power of allocation of funds under the provisions of this act, and shall exercise the functions provided for in this act. The members of the board shall elect their own chairman, and shall receive no compensation for their services as members, except that the members shall be paid a per diem compensation of \$25 for time devoted to the work of the board, and necessary traveling and subsistence expenses, within the limitations prescribed by law for civilian employees in the executive branch of the Government. The board shall cease to exist upon the expiration of two years after the date of enactment of this act, and upon the termination of the board's existence all unexpended moneys held by it shall be covered into the Treasury as miscellaneous receipts.

"(b) The Chief of the Children's Bureau in the Department of Labor shall be the executive officer of the board and, with the approval of the board, may appoint and fix the compensation of such experts and, subject to the provisions of the civil service laws, appoint, and, in accordance with the classification act of 1923, as amended, fix the compensation of such other officers and employees as are necessary to carry out the provisions of this act; and may make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere and for printing and binding) as are necessary to carry out the provisions of this act.

"Sec. 3. (a) Sixty per cent of the amounts appropriated pursuant to this act shall be apportioned among the several States and the District of Columbia in the manner hereinafter provided, in the proportion which their population bears to the total population of the States of the United States and the District of Columbia according to the Fifteenth Decennial Census. Payments made in any year out of the amount of the appropriations apportioned to any State or to the District of Columbia on the basis of population shall not be in excess of two-thirds of the amounts appropriated or otherwise made available for such year by the State, by the civil subdivisions thereof, and/or by private contributions from within the State, to be expended for emergency relief as defined in section 10 of this act.

"(b) The balance of the amounts appropriated under this act shall be available (1) for administrative expenses of the Federal agencies under this act, and (2) as a reserve fund for emergency allotments, as provided in section 8, to the States where the amounts apportioned on the basis of population are insufficient to meet the need.

"(c) The amounts apportioned or allocated to any State under this act shall be available for payment to and expenditure by such State, for the purposes of this act, until the expiration of two years after the date of enactment of this act; except that at the expiration of the fiscal year 1933, if the amount certified prior to the expiration of such year for payment to any State out of amounts apportioned on the basis of population under this act in the manner hereinafter provided is less than one-half of the total amount apportioned to that State on the basis of population, the difference between the amount so certified and one-half of the total amount apportioned shall be added to the reserve fund and shall be available for allotment to the several States on the basis of need.

"(d) So much, not to exceed \$350,000, of the appropriations set aside in the reserve fund, as the Chief of the Children's Bureau with the approval of the board shall estimate to be necessary for administering the provisions of this act, shall be deducted for that purpose, to remain available until expended.

"(e) If the State agency designated or created in accordance with section 4 of this act shall certify to the board that it is without the funds necessary to obtain the information specified in section 5 of this act as a basis for State plans, the board may authorize immediate payment to such State of not to exceed \$5,000, and the amount of any such payment shall be deducted from the apportionment to such State on the basis of population.

"Sec. 4. (a) In order to obtain payments out of the appropriations authorized in section 1 of this act a State, through its legislative authority, shall designate or create a State agency to cooperate with the board; except that if the legislature of any State is not in session and has not made provision to that end, the governor of such State may designate or create an agency to cooperate with the board. In any State having a State department of welfare or charities such department shall administer the provisions of this act, except that in any State in which, in accordance with the law of the State, there has been set up a special emergency organization for the administration of relief, such special State agency may be the administrative agency of the State under this act.

"(b) Relief shall be administered within each State under rules and regulations adopted by the State authorities.

"Sec. 5. Any State making application for funds under this act shall, by the agency designated or created to cooperate with the board, submit at such times and for such periods as may be prescribed by the board plans for carrying out the provisions of this act within such State. The plans shall include (1) information as to the amounts actually expended for relief by public and private agencies in the State for such periods as the board may prescribe; (2) estimates of the amounts appropriated or otherwise made available; (3) amounts necessary to meet the emergency relief needs in the State in the fiscal year ending June 30, 1933, and, upon call of the board, in the fiscal year ending June 30, 1934; and (4) shall make provision for adequate administrative personnel, and for securing the benefits contemplated by this act to persons within the State, irrespective of the period of residence within the State. When such plans are in conformity with the provisions of this act and reasonably appropriate and adequate to carry out its purposes, they shall be approved by the board, and due notice of such approval shall be given to the State agency.

"Sec. 6. Within 10 days after an appropriation has been made under authority of this act, the Chief of the Children's Bureau as the executive officer of the board shall make the apportionment on the basis of population provided in this act, shall certify to the Secretary of the Treasury and to the treasurers of the several States the amount apportioned to each State on the basis of population, and shall certify to the Secretary of the Treasury the amount estimated to be necessary for administering the provisions of this act. Such estimate shall be subject to subsequent review and revision by the board.

"Sec. 7. Within 30 days after an appropriation has been made under the authority of this act, and as often thereafter while such appropriation remains available as conditions may warrant, the board shall certify to the Secretary of the Treasury, as to each of the several States, (1) whether the State has designated or created an agency to cooperate with the board in compliance with the provisions of this act; (2) the amounts, if any, which have been made available by such State, including funds made available by civil subdivisions thereof and private contributions from within the State; (3) whether plans have been submitted and accepted pursuant to the provisions of this act; and (4) the amount of the payments, if any, to which the State is entitled under the provisions of this act. Such certificate unless revoked as provided in section 9 of this act shall be sufficient authority to the Secretary of the Treasury to make payments to the State in accordance therewith.

"Sec. 8. (a) Whenever, from the statement furnished by the State agency and verified by the board, it appears that the combined moneys available from local and State funds within the State, supplemented by any moneys paid or to be paid to the State from the apportionment on the basis of population, will fall below the estimated needs for emergency relief in any State, the board shall consider the State eligible for allotment of the reserve funds to be allotted to the several States on the basis of need; but no such allocation shall be made to any State unless the board is satisfied that the State or its political subdivisions have made reasonable efforts within their resources to provide for emergency relief expenditures.

"(b) The board is authorized, either in cooperation with the several States, through special grants or otherwise, or by such other means and agencies as it may determine, to make payments out of the reserve fund for the purpose of extending relief to migratory workers and their families, who are not obtaining relief under State plans.

"Sec. 9. Each State agency cooperating with the board under the provisions of this act shall make such reports concerning its operations and expenditures as shall be prescribed or requested by the board. The board may revoke any existing certificate or withhold any further certificate provided for in section 7 whenever it shall determine, as to any State, that the State agency has not properly expended or supervised the expenditure of moneys paid to it in accordance with the plans approved under this act. Before any such certificate shall be revoked or withheld from any State the board shall give notice in writing to the State agency stating specifically wherein the State has failed to comply with such plans.

"Sec. 10. The term 'emergency relief,' when used in this act with respect to State expenditures, means relief in the form of



money or commodities furnished by the State or its civil subdivisions or by private contributions from within the State, to persons in their abode or habitation, or in shelters for the transient and homeless, or in the form of wages or other compensation for work furnished on the basis of need, and made necessary by reason of the emergency growing out of unemployment, over and above the usual and ordinary expenditures for such relief, but not including old-age pensions under special acts, or public aid under special acts to mothers for the care of dependent children, or relief to veterans under special acts; and the term 'relief,' when used in this act with respect to the allocation of funds by the board, shall be construed to include the same purposes as those included in emergency relief, and expenditures for such purposes are hereby authorized. In either case the decision of the board as to the purpose of any expenditure shall be final.

"Sec. 11. This act shall be construed as intending to secure to the several States control of the administration of this act within their respective territorial limits, subject only to the provisions and purposes of this act."

"Sec. 12. The term 'State' as used in this act shall include the District of Columbia; and in the case of the District of Columbia acceptance of the terms of this act by the Commissioners of the District of Columbia shall entitle the District of Columbia to share in the benefits hereof."

The VICE PRESIDENT. The question is on the amendment, in the nature of a substitute, offered by the Senator from Colorado.

The amendment, in the nature of a substitute, was rejected.

Mr. LA FOLLETTE. Mr. President, I shall not detain the Senate long before it votes on this measure; but inasmuch as I have given a great deal of time and thought to this subject, I do not wish the vote which I am about to cast to be misinterpreted.

I have maintained from the beginning of this depression that unemployment relief was a joint responsibility of the local, State, and Federal Governments. There are no logical arguments to support the contention, reiterated again on this floor to-day, that unemployment relief is solely a problem of local and State governments. The Senator from Idaho [Mr. BORAH], said this afternoon that we are in the midst of a nation-wide economic breakdown. The innocent victims of this depression are not responsible for the desperate situation in which they have been for two and a half years, nor is the State government nor the municipal government responsible for having created the depression that has overtaken the country.

If any governmental entity is solely responsible—which I do not claim—then certainly it is the Federal Government; for it is the Federal Government which enacts the laws that affect the fiscal policy, the credit policy, the tariff policy, and all the other great economic questions which influence and control either adversely or favorably, the economic trends that prevail in this country.

Mr. President, I do not think that the future historian, as suggested by the Senator from Pennsylvania [Mr. REED], will look upon this act—taken two and a half years after this major economic cataclysm swept over this country—as a milestone on the road to the disintegration of this Republic. On the contrary, I venture the assertion that future historians will be amazed that a representative Government could have been so blind and so callous during these long, weary months to the suffering, the hardship, the want, the hunger, the disease that have taken their heavy toll from millions of innocent citizens of this Republic.

Mr. President, in view of the testimony presented to the Senate last February, when the Costigan-La Follette relief measure was taken up for consideration by this body, and in view of the subsequent testimony gathered by the committees of the Senate, it seemed to me an amazing thing that any Senator could rise in his place on this floor and contend that there was no necessity for Federal action to meet the unemployment relief problem.

The remarks made by some of the Senators to-day are as shocking to me as was the statement made in the address of the Secretary of the Interior when he spoke in Philadelphia to an informed audience, namely, the social workers of this country gathered at a meeting. There the Secretary of the Interior said:

Personally, and speaking broadly, I think that unless we descend to a level far beyond anything that we at present have known, our children are apt to profit rather than suffer from what is going on.

Mr. President, that statement was made in the presence of social workers from the city of Philadelphia, in which this gathering was held. Shortly prior to the time the Secretary's address was made, the funds for relief in the city of Philadelphia had been exhausted for 11 days. On May 9 there appeared before the subcommittee of the Committee on Manufactures, considering the substitute bill which has just been rejected by the Senate, Mr. de Schweinitz, who has been secretary of the relief organization in the city of Philadelphia. I want to direct the attention of the Senate, for the sake of the record, to the testimony given by this well-informed individual, whose authority can not be impeached by anyone. He said:

I want to tell you about an experience we had in Philadelphia when our private funds were exhausted and before public funds became available.

On April 11 we mailed to families the last food order which they received from private funds. It was not until April 22 that the giving of aid to families from public funds began, so that there was a period of about 11 days when many families received nothing. We have received reports from workers as to how these families managed. The material I am about to give you is typical, although it is based on a small sample.

We made an intensive study of 91 families to find out what happened when the food orders stopped.

Mark this, Mr. President:

In a little less than 9 per cent of these families there were pregnant mothers, and in a little more than one-third of the families children of nursing age.

This is how some of these families managed:

One woman said she borrowed 50 cents from a friend and bought stale bread for 3½ cents per loaf, and that is all they had for 11 days, except for one or two meals.

With the last food order another woman received she bought dried vegetables and canned goods. With this she made a soup, and whenever the members of the family felt hungry they just ate some of the soup.

Here is a family of a pregnant mother and three children. They had only two meals a day and managed by having breakfast about 11 o'clock in the morning and then advancing the time of their evening meal. Breakfast consisted of cocoa, bread, and butter; the evening meal of canned soup.

One woman went along the docks and picked up vegetables that fell from the wagons. Sometimes the fish vendors gave her fish at the end of the day. On two different occasions this family was without food for a day and a half. One family had nothing the day the food orders stopped until 9 o'clock at night. Then the mother went to a friend's home and begged for a loaf of bread.

This woman finally got two days' work at 75 cents a day. She bought a little meat and made a stew from vegetables picked up which they cooked over and over again each day to prevent its spoiling.

Another family's food consisted of potatoes, rice, bread, and coffee, and for a period of a day and a half they had no food at all.

Here is another family which for two days had nothing to eat but bread, and during most of the rest of the time they had only two meals a day. Their meals consisted of bread and coffee for breakfast and bread and raw or cooked carrots for dinner.

Another family did not have food for two days. Then the husband went out and gathered dandelions, and the family lived on them.

Here is another family which for two and one-half days went without food.

Still another family, thinking to get as much as possible with their last food order, bought potatoes, and for 11 days lived only on them.

Mr. President, how shocking it is that a Cabinet officer could claim that the depression was good for children in the face of these facts!

Mr. President, in Philadelphia there were 238,000 unemployed in December. There were 298,000, estimated, on the 9th of May, in contrast with forty to fifty thousand in normal times. In December, 43,000 families were receiving relief. On the 9th of May 55,000 families were receiving relief. Per family, they were receiving \$4.39 in December. In May they were getting \$4.23 per family, of which \$3.93 was for food, about two-thirds of the amount needed to preserve health.



In view of those conditions, how can any Senator contend that unemployment relief is the sole responsibility of the local and State governments? How any Senator can maintain that there is no need for action on the part of the Federal Government is more than I can understand in the face of this uncontroverted evidence of the terrific human need in this country, beyond the ability of any man to describe in words.

Mr. President, I wish to direct the attention of the Senate to the record taken on the 9th day of May by the committee to which I have referred.

Few cities are providing shoes or clothing to destitute families, according to Mr. H. L. Lurie, who is the director of the Bureau of Jewish Social Research, a national survey and research organization. No money is available for necessary medical or dental care. No payment is made for gas or electricity, and increasingly public and private relief agencies are unable to pay rents. Relief has been continuously and gradually reduced, so that whole families are getting an average of \$2.39 a week relief in the city of New York, the richest city in the United States, with \$3 and \$4 and at most \$5 a week per family in other cities. A number of quotations from reports which follow indicate the desperate straits in which relief agencies are finding themselves in attempting to supply some aid, even if meager, to families without other resources.

Here is a report from Houston, Tex.:

Following earlier reductions there has been a reduction in the weekly grant of from 20 to 30 per cent.

From Pittsburgh:

Relief averages from \$5 to \$6 a week per family, but a further reduction of 50 per cent is contemplated, since relief funds are low.

From St. Paul:

We are merely trying to prevent hunger and exposure.

From Cleveland:

The payment of gas and light has been discontinued except in health cases.

From Toledo:

Conspicuous reductions in relief standards until at present there is only a commissary available for most families which is distributing the cheapest grades of food. They are only able to allow 2.14 cents per meal per person per day.

From Scranton:

We are holding taxes down and spreading relief thin.

From Cleveland:

Rents are paid only when families are evicted when only 25 per cent of the rent is offered for one month only.

From Syracuse:

No more than a minimum of \$15 rental is paid. Housing congestion is being intensified, and there is a gradual lowering of housing and living standards.

From Scranton:

As rents are paid only upon eviction, and then only for one month or a part of the month, many families have experienced eviction two, three, and many more times during the year.

From Omaha:

Relief has seen a 40 per cent decrease in adequacy during the past winter.

From Dallas:

There has been a 40 per cent increase in applications with only 10 per cent increase in funds available.

From Chicago:

Some families are being separated, husbands being sent to the men's shelter and wives to the women's shelter.

Mr. President, in the city where the national conventions of the two old parties will meet this month there is one of the most critical unemployment situations that exists anywhere in the United States to-day. In April, 1930, there were 167,000 unemployed in Chicago. By January, 1931, there were 448,000 out of work. By October, 1931, there

were 625,000 out of work. In May of this year there were 700,000 persons out of work in the city of Chicago.

For the State as a whole, as in Pennsylvania, one-third of the workers usually gainfully employed are out of work.

In March, 1930, there were 12,984 families receiving aid. In March, 1932, two years later, 130,000 families were receiving aid in the city of Chicago.

Other resources were completely exhausted on February 1, after most generous response to charitable drives and other efforts made to raise funds.

Then the State provided \$20,000,000 through tax anticipation bonds or warrants in order to meet the crisis. There was virtually no money for rent, none for clothing, none for medical and dental care, only money to pay for food, gas, and electric bills, and similar absolutely unavoidable costs. Relief expenditures in Chicago are now at the rate of \$3,250,000 a month. If rents were to be paid in that city, another \$756,000 a month would be required.

In addition to the 130,000 families, an average of about 13,000 single men and transients are given shelter, lodging, and food in shelter buildings.

No need for Federal action, Mr. President? I wish to direct attention to the situation concerning the children of this country, the future citizens of this Republic, upon whom its security will rest in the next generation.

On July 1, 1931, there were 284,000 children in institutions or foster homes in this country. Eighteen months later—that is, on the 1st day of January, 1932—there were 400,000 children in these same institutions, an increase of 40 per cent in two years' time.

What do those statistics show? If we look back to them, we see a picture of misery and distress which should arouse a sympathetic response in the heart of any Senator or any other person charged with the responsibility for governmental policy in this crisis. The 40 per cent increase in the number of children in institutions means that families have been broken up, homes destroyed, ambitions of a lifetime wiped out. All sacrifices having been made to hold the family together as a unit, finally overwhelmed by this economic disaster, the parents have been forced in their extremity to give up their children to these institutions rather than to see them starve to death before their very eyes.

Mr. President, my first criticism of this measure is that it comes belatedly, from a grudging Government, instead of sound legislation enacted at a time when it could have afforded relief to millions of families in this country and have prevented their being broken up.

My second criticism is that it does not recognize the principle which I believe indispensable to a sound and just solution of this problem, namely, a joint responsibility on the part of the Federal Government with the cities, counties, and States in meeting the terrific problem of unemployment relief.

I also criticize the measure because it does not provide an intelligent method of dealing with the problem which confronts us. It proposes to apportion the entire fund on the basis of population, without regard to varying needs which exist in the several States.

It does not create any emergency fund to be used to meet emergencies which may occur in the respective States after the funds apportioned to them have been exhausted and before the Congress shall meet next December.

It provides no supervision over the expenditure of these funds, and, in so far as the Federal Government is concerned, it can not assure that a single dollar of this money will be expended for the purposes for which it is given.

Also, may I point out that in case there is a misappropriation of these funds, in case they are wastefully or extravagantly used or otherwise misused, there is no opportunity, under this measure, for the Federal Government to insist that the plans under which those funds are being expended shall be altered so that the relief will reach those who need it with as little waste as possible.

Mr. President, I am confronted with a legislative situation. This measure, inadequate in amount and wrong in prin-



ciple, is the only one which can be passed at this time to meet the enormous problem of human need in the United States to-day. Therefore, so far as I am concerned, I shall at this time waive my own convictions as to its lack of adequate administrative safeguards and its failure to embody the principles which should be recognized by the Congress.

I serve notice now, however, that I have not waived those principles permanently; and when the time comes to discuss the question whether or not the States shall be required to repay the loans which they have sought, or when the time comes to require them to have their advances taken from future highway funds, I shall feel free again to contend on this floor, as I contended last February, and as I contend to-day, that it is a disgrace for the Federal Government to seek shelter behind a technicality in the face of a national emergency which is a responsibility of all governmental entities.

Why do we tolerate government? We tolerate it because we must band together in an organization in order that we may do as a group what we can not do as individuals; and for any man to say that in the face of national disaster affecting millions of our citizens the Federal Government has no responsibility is, in my judgment, to admit that the individuals who compose the Government have no responsibility to their fellow citizens in a national disaster.

For the reasons which I have briefly outlined, I shall vote for the pending measure on its final passage.

Mr. BARBOUR. Mr. President, nothing is further from my desire than to delay the vote on this important measure; and I realize, as I am sure every other Senator realizes, that there is no necessity that I should add to the testimony which has been put before this body by the able Senators who have spoken before me with respect to the need for emergency relief at this time.

I simply want to say, and very briefly, that I am wholeheartedly in favor of the pending measure. I feel that I have, in a humble way, contributed in certain respects toward its development; and I mention that without taking away in any degree the credit due the illustrious junior Senator from New York [Mr. WAGNER] and his colleagues.

Mr. President, I hope very much that in an entirely bipartisan way we may all join in speeding the passage of this legislation, so needed at this particular time.

Mr. HAWES. Mr. President, it is not my intention to detain the Senate more than one moment, but I can not allow to pass unnoticed the observation which has been made here to-day that the States which may receive the benefit of the money proposed to be appropriated would not repay their obligations. I can speak only for the State of Missouri, which, because of its constitution and because of limitations in the charter of St. Louis, can not immediately raise relief funds; but our citizens have gone the full limit that is permitted them by their private pocketbooks. But I state now with full confidence, knowing the people of my State, that every dollar which is advanced for their benefit at this time will be repaid. I think that can be relied upon with full confidence. I would feel ashamed did I not make this statement in view of the insinuations that these loans would never be repaid.

Mr. President, there are here to-day representatives of the governor of my State, the mayor of my city, the comptroller of my city, financial representatives of the State, who have within the last moment handed me a statement on this subject which I would like to have placed in the Record at this point in connection with my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement is as follows:

STATEMENT ON RELIEF SITUATION AS PRESENTED BY SPOKESMEN OF ST. LOUIS, MO.

We present our views on program of Federal relief as the spokesmen of our own community, St. Louis and St. Louis County, Mo. While we are quite conscious that such representation is not only our privilege but our responsibility, we realize at the same time the tremendous difficulty which confronts the Congress in its legislative task because of the many conflicting interests and opinions presented.

Just because of this difficult situation we know that the interests we represent go far beyond those of our own community. We know that they are the interests of hundreds of thousands of Americans who, through no fault of their own, to-day find themselves in a desperate struggle for mere existence—and that paradoxically enough in the very midst of plenty.

The people of St. Louis and of St. Louis County fully share the traditional Missourian attitude that the relief of needy families is primarily the responsibility of the local community. The public opinion of St. Louis goes even beyond this attitude, since it holds that family relief should, whenever possible, be kept outside of governmental activities.

St. Louis, therefore, only with every reluctance, determined in November, 1930, that voluntary effort was not strong enough to meet the increasing needs for family relief created by the growing unemployment situation. In November, 1930, the mayor of the city appointed a citizens' committee on relief and employment to unite the strength of government and of private effort to meet the city's unemployment situation in as far as it concerned relief. The result was a plan of relief worked out jointly by representatives of the city government, the relief agencies within the community, and the general public. The entire community got together for a common cause and as a community has, until now, met within its own resources the distress problems growing out of unemployment.

The problem has now grown beyond local and State resources; it has reached the point of demand on our National Government. It appears that the National Government now is in exactly the same situation which confronted the municipal government in St. Louis in the fall of 1930 and which confronted hundreds of American municipalities at one time or another during the past 18 months. Together, these many communities have until now met their problems without the aid of the National Government. We believe that the time has come for the Nation to face the situation, as local governments have already faced it, squarely and courageously. It is time, we believe, to lay aside our reluctance to have the Federal Government enter what heretofore has been considered as the field solely of the local community. It is time, we are sure, to recognize that in the final analysis the common welfare, the right of the citizenship to at least the minimum necessary for bare existence, is paramount to and supercedes tradition and fear.

The St. Louis situation is no doubt typical of the country-wide development and will serve to make clear the basis for our contentions and our views.

The number of families in need of public relief and who are receiving it increased from 5,314 in January, 1930, to more than 25,000 in May, 1932, and this number is on the increase. Our local resources, in spite of all efforts made to keep pace with the demand, have now been exhausted to the point that within six weeks from June 15, unless additional resources are somehow provided, relief will have to be withdrawn from approximately 15,000 families, with, of course, no additional applications being received.

The planning of the St. Louis committee was done with a view to conserving resources with the utmost care and with a view to insuring to its needy families the necessities of life and at the same time a service calculated to safeguard privacy and home. The committee has used existing agencies, and thus has taken advantage of trained workers and experienced leadership. This arrangement also insured economy, since it required the creation of very little new machinery.

By means of, and through the medium of, the citizens' committee St. Louis pooled its financial relief resources, spending both tax and voluntary funds under one central directing body.

Because of this close control, which is shared by the participating agencies and, therefore, quite fully accepted, St. Louis has been able to exercise an effective selection of needy families, as well as foresee from month to month what its obligations were likely to be.

During the calendar year 1931 the number of relief families increased steadily, each month showing an increase of from 87 per cent to 219 per cent over the corresponding month in the year 1930. The number reached in December, 1931, the total figure of 20,434.

Our total relief expenditure for 1931 was \$1,732,457, of which amount the participating agencies spent from their own budgets as received from the community fund, invested endowment funds, and other sources, \$734,624, and from citizens' committee funds, \$997,833. Of this latter amount, the city appropriated from tax funds \$539,958, the balance, \$457,875, being secured through special campaigns for unemployment relief.

Reference has already been made to the increase in case load which continues from month to month, until in May the combined agencies were caring for more than 25,000 families, or more than 100,000 individuals.

From January through April the citizens' relief committee spent a total of \$959,516, or just under the amount spent for the whole of 1931 (this expenditure again is over and above the amount spent by the participating agencies from their own budgets). March, 1932, showed a 50 per cent increase over the estimate made for that month in January, and April an increase of 100 per cent over the estimate made for that month. April took us far enough into the year to indicate clearly that there was not the slightest hope of even a seasonal summer decline and that our January estimates were quite out of line with reality.

We made a careful analysis of the entire load of relief families, and on this basis, in the light of known trends in employment and



wage decreases, arrived at a new month-by-month estimate which totals for the period May 1 through December, 1932, \$2,631,250.

Over against this our resources as of May 1, estimated throughout the balance of the year, are as follows:

Bank balance	\$108,601
Spring campaign collections due up to and including December	482,939
Fall campaign collections due up to and including December	264,415
City appropriation	259,105
County appropriation	20,000

Total cash resources..... 1,135,060

This amount falls short of the amount needed by \$1,496,190.

Over against the imperative need of continuing to take care of all family problems that come to our attention and can be met by means of relief, we are confronted with the following difficulties:

1. The city must levy special taxes for relief funds, and this procedure meets not only with the usual resistance from special interests affected but threatens the loss of certain local enterprises because of such opposition.

2. Contributors are now paying to the voluntary fund monthly installments on two campaign pledges and can hardly be induced to pledge for a third series of monthly payments.

3. Our income is on a monthly basis, except for tax funds, and can not be anticipated, either by loan or discount.

The first and second difficulties obviously make the securing of additional local funds exceedingly difficult, if not impossible.

The third difficulty, since the citizens' committee can neither borrow nor incur a deficit, forces tapering off the relief work to the extent of our monthly income, with the result that on June 15 the case loads will have to be pared down by a gradual elimination of families now under care, so that within six weeks' time a total of approximately 15,000 families will be without relief recourse, though their need will continue. All this for the want of \$1,496,190, and in the fact of the obvious calamity to the individual family and the almost equally obvious dangers to community and country.

It should be repeated that relief money, as it can come only from the Federal Government, is needed; not in 60 or 90 days but at once, for our shortage of funds begins in the present month.

Our estimates are minimum needs only. We now have less than 35 per cent of the total number of families affected by unemployment under care. Even a speedy economic recovery, which is not at all likely, would not prevent a large proportion of those we do not now know from reaching the end of their resources before employment opportunities can possibly reach them. No one can doubt, excepting by a process of deliberate self-deception, that the present need is desperate and that it will inevitably increase.

Conditions in St. Louis are typical of conditions existing in other cities. Indeed, they are very likely a bit better than those found in most other communities. Without question, the great difficulty met elsewhere, as well as in St. Louis, in the face of the constantly mounting need, is in the effort to discover new forms of taxation which do not impose new burdens on those who are already overburdened or which do not drive out industries on which the community depends.

Any property tax levied is bound to fall most heavily upon that class of property which for one reason or another is already carrying vastly more than its fair share of the tax load, namely, real estate. Local sales, luxury, and occupational taxes become irksome because in many instances they are duplicated by similar taxes carried by other governmental agencies. Where they are not uniform in a given territory, they frequently cause industries to move out of one community into another in order to escape the tax, thus causing a double loss of revenue.

Moreover, because of lack of adequate organization and supervision, local excise taxes can not be as effectively collected as those imposed by the Federal Government.

While the problem is still to some extent local, in the sense that there are districts in which the result of the depression has not yet been keenly felt and there is, therefore, no present demand for relief, we are convinced from our own experience that the need for assistance will not only spread over a wider area but will greatly increase in the areas in which it already exists.

The problem is becoming less and less a local problem and more and more a national one. We therefore feel justified in accepting the question of relief as one of national concern, and are constrained to believe that none of the bills now before Congress adequately meet the situation.

Wherever a comprehensive construction program is included in a bill for relief, that, we believe, seriously complicates and hampers the relief program; while a plan to proceed at once with public work not immediately necessary is no doubt admirable and to be desired, from a purely relief standpoint it does not render relief promptly enough or to a sufficient number of persons in view of the expenditure involved. The immediate need is for assistance to a much larger variety of unemployed than could possibly be helped by the construction of public works.

All the bills so far introduced have provision for help in the form of loans only. This is true of those now pending and also of the plans which seem to command the greatest support. They authorize loans to States, municipalities, public or quasi-public corporations or agencies, and organizations engaged in furthering

"self-liquidating" projects of public interest. These bills are good so far as they go, but for various reasons their provisions do not meet anything like the whole situation.

One fundamental objection to these bills is that as drawn all States are not able to take equal advantage of their provisions, so that from the very outset there is bound to be discrimination in the distribution of the funds made available. While the terms upon which the money may be advanced to the States or through the States to their subdivisions are in themselves liberal enough, all the bills provide for repayment in one of three ways—either by the assumption of the obligation on the part of the State or the political subdivision sought to be benefited; by directly withholding from the State, beginning with the fiscal year 1937, a proportionate part of the Federal grant for highway construction until the debt is repaid; or by withholding such highway aid only in the event that the State or its political subdivisions shall have failed to arrange for repayment within a given time.

Another feature common to all legislation at present proposed is that the States are to be the units through which relief is granted.

The objections to this feature in the plan of relief are that:

1. Many States and many cities by reason of constitutional, charter, or other legal restrictions are not able to take advantage of a loan without a delay of months and a popular vote, if at all.

2. Where it is provided that a loan may be made on the assurance of the governor that the question of repayment will be presented to the proper legislative authority at the earliest opportunity, this imposes upon the governor a grave responsibility, especially when the alternative to repayment is the withholding of funds necessary for important road-construction work.

3. The need for assistance in proportion to population is greater in some States than in others, so that where the allotment of loans is proposed to be made to each State on the basis of its population, this will not afford all the relief required.

4. The acceptance of loans by States, in which there is legal obstacle to such acceptance or in which the governor is willing to give the required assurance will, in view of the possibility or perhaps even probability of repudiation or cancellation of the debt, give to some States what is in effect an out and out donation, and will result in unfair discrimination against the needy in those States which because of the restrictions in their laws or because of conscientious scruples on the part of the governors are not able to accept a loan.

5. The problem of unemployment is nation-wide, and results from causes which are national in their scope. Neither the extent nor the character of the relief required is in any sense determined or determinable by State boundaries. For this reason and because of the proportions the need has assumed, the problem of administering relief has become essentially a national one.

6. Aside from such obligations as arise out of the situation looked upon from the standpoint merely of effectiveness and uniformity in the administration of relief, it can not be questioned that with the facilities it has at hand and those available in the form of local relief organizations, the Federal Government is in a better position than the States or their subdivisions are to devise and to execute a practical plan with a central directing body, as it is in a better position by a uniform system of taxation to place the burden of the relief fairly and without unnecessary duplication upon all those by whom the burden should be borne.

Therefore, speaking for the citizens of St. Louis, we recommend that a national plan for direct relief be immediately devised and a central agency established to administer such relief under Federal control wherever need for such relief may be found to exist, with the aid of such local agencies as may now be operating satisfactorily, but without regard to State boundaries and upon such terms as may be deemed advisable so long as they are applicable throughout the Nation.

JULIUS T. MUENCH,  
City Counselor, St. Louis, Mo.  
ARTHUR C. MEYERS,  
City Auditor, St. Louis, Mo.  
E. G. STEGER,

Director Relief and Employment, St. Louis, Mo.

WASHINGTON, D. C., June 10, 1932.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The question is on the passage of the bill.

Mr. HOWELL. Mr. President, I rise to ask unanimous consent that after the vote is taken upon the passage of the pending bill, Calendar No. 780, a bill (S. 4536) to amend the agricultural marketing act, approved June 15, 1929, may be made the order of business.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nebraska?

Mr. BINGHAM. Mr. President, I regret very much that I shall have to object to the request, as it is very necessary to get the next District appropriation bill before the Senate.



It is my intention to call it up just as soon as the measure now before us is passed.

The VICE PRESIDENT. Objection is made.

Mr. HOWELL. Mr. President, out of order I move that Calendar No. 780, the bill to which I have just referred, be made the order of business at the close—

The VICE PRESIDENT. That motion is not in order at this time. The only motion that could be made would be to displace the pending measure.

Mr. HOWELL. Mr. President, after the vote has been taken, I shall then ask for a vote upon my motion to make Calendar 780 the order of business. I want to say to the Senate that we are now considering urban relief. We have been talking for months about farm relief. I believe it is fitting and proper that the farm relief bill should follow the urban relief bill.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. JOHNSON. Let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BINGHAM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. Not knowing how he would vote, I transfer that pair to the senior Senator from Colorado [Mr. WATERMAN], who, if present, would vote as I intend to vote, and therefore I am at liberty to vote. I vote "nay."

Mr. WAGNER (when Mr. COPELAND's name was called). My colleague, the senior Senator from New York [Mr. COPELAND], is unavoidably absent on account of illness. He has a general pair with the senior Senator from Ohio [Mr. FESS]. If my colleague were present, he would vote "yea."

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]; who is necessarily absent. I have been unable to arrange a pair, and so withhold my vote. If at liberty to vote, I would vote "yea."

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS]. In his absence, not knowing how he would vote, I withhold my vote.

Mr. COSTIGAN (when Mr. NEELY's name was called). The Senator from West Virginia [Mr. NEELY] is unavoidably absent. He is paired. He has authorized me to state that if present, he would vote "yea."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. I am informed that if he were present, he would vote as I expect to vote. Therefore I vote "yea."

Mr. SCHALL (when his name was called). I am paired with the senior Senator from Alabama [Mr. BLACK]. I have been informed that he would vote as I intend to vote, and therefore I am free to vote. I vote "yea."

The roll call was concluded.

Mr. SHEPPARD. I desire to announce that the senior Senator from Virginia [Mr. SWANSON], the junior Senator from Virginia [Mr. GLASS], the senior Senator from North Carolina [Mr. MORRISON], and the junior Senator from Louisiana [Mr. LONG], are necessarily detained from the Senate.

Mr. BARKLEY. I am paired with the junior Senator from Iowa [Mr. DICKINSON], who is absent on account of necessary business. I transfer that pair to the Senator from West Virginia [Mr. NEELY] and vote "yea."

Mr. BANKHEAD. My colleague the senior Senator from Alabama [Mr. BLACK] is necessarily absent. If present, he would vote "yea."

Mr. JONES. I am advised that the Senator with whom I am paired would, if present, vote as I intend to vote and therefore I am at liberty to vote. I vote "yea."

Mr. HATFIELD. I find that I can transfer my general pair with the senior Senator from North Carolina [Mr. MORRISON] to the junior Senator from Maryland [Mr. GOLDSBOROUGH], which I do, and vote "yea."

Mr. McNARY. I wish to announce that the senior Senator from Illinois [Mr. GLENN] has a general pair with the junior Senator from Louisiana [Mr. LONG].

I also wish to announce the necessary absence of the Senator from Ohio [Mr. FESS] and the Senator from Iowa [Mr. DICKINSON]. Their general pairs have been stated. I am not advised how they would vote on this question.

Mr. SCHALL. My colleague the senior Senator from Minnesota [Mr. SHIPSTEAD] is necessarily absent. Were he present, he would vote "yea."

The result was announced—yeas 72, nays 8, as follows:

#### YEAS—72

Ashurst	Coolidge	Kean	Sheppard
Bailey	Costigan	Kendrick	Shortridge
Bankhead	Couzens	Keyes	Smith
Barbour	Cutting	King	Smoot
Barkley	Dill	La Follette	Steiwer
Blaine	Fletcher	Lewis	Thomas, Idaho
Borah	Frazier	McGill	Thomas, Okla.
Bratton	George	McKellar	Townsend
Brookhart	Hale	McNary	Trammell
Broussard	Harrison	Norbeck	Tydings
Bulkeley	Hastings	Norris	Vandenberg
Bulow	Hatfield	Nye	Wagner
Byrnes	Hawes	Oddie	Walcott
Capper	Hayden	Patterson	Walsh, Mass.
Caraway	Howell	Pittman	Walsh, Mont.
Carey	Hull	Robinson, Ark.	Watson
Cohen	Johnson	Robinson, Ind.	Wheeler
Connally	Jones	Schall	White

#### NAYS—8

Austin	Dale	Hebert	Moses
Bingham	Gore	Metcalf	Reed

#### NOT VOTING—16

Black	Fess	Logan	Shipstead
Copeland	Glass	Long	Stephens
Davis	Glenn	Morrison	Swanson
Dickinson	Goldsborough	Neely	Waterman

So the bill was passed.

The title was amended so as to read: "A bill to provide loans or advances to States and Territories for the relief of distress arising from unemployment, and for other purposes."

#### DEDICATION OF REPLICA OF FORT NECESSITY—INVITATION TO MEMBERS OF SENATE

The VICE PRESIDENT laid before the Senate a resolution adopted by Fort Necessity Chapter, No. 12, Pennsylvania Society Sons of the American Revolution, Uniontown, Pa., unanimously extending an invitation to the Members of the Senate to be present on July 3 and 4, 1932, at the dedication of the replica of Fort Necessity, the unveiling of tablets, and other memorials of various patriotic organizations, which was ordered to lie on the table.

#### DISPOSITION OF USELESS PAPERS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of War, transmitting a list of documents and papers on the files of the Washington Quartermaster Depot (1917-1920) which are not needed in the conduct of business and have no permanent value or historical interest, and asking for action looking to their disposition, which was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. REED and Mr. FLETCHER members of the committee on the part of the Senate.

#### ADDITIONAL PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a petition from Elmer R. Murphey, of Pasadena, Calif., praying for the passage of the so-called Dies bill, providing for the deportation and barring of alien communists from the United States, which was referred to the Committee on Immigration.

He also laid before the Senate a petition of sundry citizens of Waupaca, Wis., praying for the maintenance of the prohibition law and its enforcement, which was referred to the Committee on the Judiciary.



He also laid before the Senate a resolution adopted by the Woman's Christian Temperance Union, of Dwight, Ill., opposing the resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the City Council of Evanston, Ill., protesting against the passage of legislation for the expenditure of several billion dollars for public improvements, such as post offices, highways, etc., not productive of revenue, and particularly against the expenditure of public funds in the city of Evanston, Ill., which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by the council of the city of Staunton, Ill., favoring the passage of legislation authorizing a bond issue in amount not to exceed \$5,000,000 to aid in financing municipal public improvement projects, so as to aid unemployment, which was ordered to lie on the table.

He also presented a resolution adopted by Col. John Jacob Astor Camp, No. 6, United Spanish War Veterans, Washington, D. C., signed by Lewis H. Forsyth, camp commander, protesting against the "findings and recommendations of the Senate Economy Committee pertaining to veterans' legislation," except that part with reference to appointing a joint committee of Congress to investigate and report concerning veterans' legislation, which was ordered to lie on the table.

He also laid before the Senate a concurrent resolution of the Legislature of the State of New Jersey, favoring the appropriation of sufficient funds to carry out the provisions of the national defense act of 1920, etc., which was ordered to lie on the table. (See concurrent resolution printed in full when presented to-day by Mr. BARBOUR.)

He also laid before the Senate a letter from Henry Woodhouse, president of the Aerial League of America, New York City, N. Y., inclosing copy of suggested legislation proposing "that the National Capital Park and Planning Commission be, and is hereby, authorized to acquire by purchase, condemnation, or otherwise, on such terms as may be most favorable to the Government of the United States, the land embracing the properties known as Washington Airport and Hoover Field and any other lands within the area situated adjacent to the right of way of the Washington & Virginia Railway on the south and east, the Boundary Channel on the north, and the United States Agricultural Experimental Farm and the right of way of the Rosslyn branch of the Philadelphia, Baltimore & Washington Railroad on the west, for the purpose of converting said lands into part of the park, parkway, and playground system of the National Capital," etc., which, with the accompanying paper, was referred to the Committee on the District of Columbia.

#### DISTRICT OF COLUMBIA APPROPRIATIONS

Mr. BINGHAM. Mr. President, I move that the Senate proceed to the consideration of the bill (H. R. 11361) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1933, and for other purposes.

Mr. KING. Mr. President, does the Senator expect to proceed further this evening with the bill?

Mr. BINGHAM. I hope we may proceed until 6 o'clock. I shall not ask the Senate to remain in session longer than that. However, if the Senator from Oregon [Mr. McNARY] desires to ask for an executive session, I am willing to suspend the consideration of the appropriation bill sufficiently before 6 o'clock to afford time to have an executive session.

Mr. KING. I wish the Senator would not take up the bill to-night. Many of us have had no opportunity to read the bill at all.

Mr. BINGHAM. I do not believe it will be possible to complete its consideration to-night.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Connecticut.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 11361) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1933, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. BINGHAM. Mr. President, in order to save time, I make the usual request that the formal reading of the bill may be dispensed with and that the committee amendments may be first considered.

The VICE PRESIDENT. Without objection, that order will be made.

Mr. REED. Mr. President, will the Senator from Connecticut yield to me?

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Pennsylvania?

Mr. BINGHAM. I yield.

#### COST OF MEAT CHOPPERS, OPTICAL AND DRAWING INSTRUMENTS

Mr. REED. Mr. President, a few days ago, at my request, the Senate adopted a resolution calling for certain information about the cost of production of meat choppers, optical instruments, and fire-control instruments. I find now that the language of the resolution as adopted would require more work of the Tariff Commission than it was intended to place upon them. Its language was too broad, and would require the ascertainment of the cost of a great many optical instruments that have nothing to do with fire control. I therefore should like to offer another resolution to take the place of the one heretofore agreed to so as to cut down the list of the subjects as to which the Tariff Commission is called upon to make inquiry.

Mr. HARRISON. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Mississippi?

Mr. BINGHAM. I yield.

Mr. HARRISON. I will say to the Senator from Pennsylvania [Mr. REED] that the other day at a meeting of the Finance Committee, when the Senator was not present, and this general question was taken up, though not this particular resolution, it developed that the sentiment of the members of the Finance Committee who were present was that all resolutions calling on the Tariff Commission to make investigations should first be referred to the Committee on Finance so that they might be properly framed.

Mr. REED. I was well aware of that decision.

Mr. HARRISON. It seems to me, and I am sure the Senator from Pennsylvania will agree, that it is a pretty wise course that resolutions calling for such investigations should first be referred to the Finance Committee.

Mr. REED. I agree with the Senator as to that, but the resolution I now intend to offer merely proposes to relieve the Tariff Commission from a part of the work that has been imposed upon them.

Mr. HARRISON. I shall not raise any objection to the Senator's resolution, but hereafter I hope some member of the Finance Committee who is present will object to any such resolution being adopted without it first being referred to the Committee on Finance.

Mr. REED. I am inclined to agree with the Senator from Mississippi. I now offer the resolution.

The PRESIDENT pro tempore. The resolution will be read for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 227), as follows:

*Resolved*, That Senate Resolution 219, Seventy-second Congress, first session, is hereby rescinded; and

*Resolved further*, That the United States Tariff Commission is hereby directed to investigate, for the purpose of section 336 of the tariff act of 1930, the differences in the cost of production between the domestic articles and the foreign articles, and to report, at the earliest practicable date, upon the following articles:

- "1. Meat or food chopping or grinding machines, and parts thereof, designed for hand operation and used as kitchen utensils and composed wholly or in chief value of metal."
- "2. Optical instruments of a class or type used by the Army, Navy, or air force for fire control and parts thereof."
- "3. Precision drawing instruments, and parts thereof, wholly or in chief value of metal."



The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution submitted by the Senator from Pennsylvania?

There being no objection, the resolution was considered and agreed to.

#### REPORTS ON INVESTIGATION OF CHAIN STORES

Mr. BROOKHART. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Iowa?

Mr. BINGHAM. I yield.

Mr. BROOKHART. Out of order, I send a resolution to the desk, and I ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. The resolution will be read for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 228), as follows:

*Resolved*, That the reports which may hereafter be filed with the Secretary of the Senate, pursuant to Senate Resolution No. 224, Seventieth Congress, first session, relative to the investigation by the Federal Trade Commission of chain stores, be printed, with accompanying illustrations, as Senate Documents.

The PRESIDENT pro tempore. The Senator from Iowa having been granted unanimous consent to submit the resolution, now asks unanimous consent for its present consideration. Is there objection? The Chair hears none, and, without objection, the resolution is agreed to.

#### RECOMMITTAL OF A JOINT RESOLUTION

Mr. THOMAS of Oklahoma. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Oklahoma?

Mr. BINGHAM. I yield.

Mr. THOMAS of Oklahoma. Mr. President, on yesterday, on behalf of the Committee on Indian Affairs, I reported favorably the joint resolution (S. J. Res. 167) to carry out certain obligations to certain enrolled Indians under tribal agreement. At the request of the author of the resolution, my colleague, the junior Senator from Oklahoma [Mr. GORE], I now ask unanimous consent that the joint resolution may be recommitted to the Committee on Indian Affairs.

The PRESIDENT pro tempore. Without objection, that order will be made.

#### PHILIPPINE INDEPENDENCE

Mr. HAWES. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Missouri?

Mr. BINGHAM. I yield to the Senator from Missouri.

Mr. HAWES. Mr. President, in 1930 the Senate held long and exhaustive hearings on the question of Philippine independence, and the committee reported to the Senate favorably a bill designed to settle the issue. Beginning with the present session of the Congress, hearings lasting for some weeks were held by a committee of the House of Representatives, and for a week or 10 days by a committee of the Senate. Of the 21 members of the House committee all but 1 or 2, as I am informed, voted to report favorably the bill providing for Philippine independence.

When the House voted upon the Philippine independence bill, the vote in favor of its passage was 306; the total vote against it was 47; not voting, 79; number of votes paired for the bill, 20; number paired against it only 10; number of Democrats in favor of the bill, 186; number of Republicans in favor of the bill, 119; and the Farmer-Labor Representative voted for it. Of the 79 absentees at least 46 have since that time stated that if present they would have voted for the bill.

Mr. President, 306 is an unusual number of votes for any controversial bill to receive in the House of Representatives, and it indicates beyond dispute that in that body, numbering 435 Members, there were less than 65 votes in opposition to Philippine independence.

On April 4 of this year the House passed the Philippine independence bill, and it came to the Senate. The Senate

committee considered the measure and amended the House bill by substituting the Senate bill for it. That bill is on the calendar. The friends of Philippine independence, realizing, of course, that revenue measures, relief measures, and other measures of great importance deserving the first consideration of the Senate, have occupied very little of its time, they have contented themselves with trying to get into the Record all the facts that relate to this important subject.

Now, it is stated that in a short while the Congress will adjourn. If so, there will be left a most peculiar situation. The House of Representatives passed the bill granting independence to the Philippines by an almost unanimous vote, and the Senate committee, by unanimous vote, have brought that measure before the Senate for our consideration—not a Senate bill, but a House bill which was passed on April 4—and it has remained upon our calendar, and it has remained there without action.

Senators talk about passing bills for the relief of the farmer and say that such measures should have priority. Well, Mr. President, if there is any bill that is of great interest to the farmer, it is the Philippine independence bill. Senators also talk about union labor. Union labor, with its 5,000,000 votes, is asking for the consideration of this bill. The American Legion is asking for it. We may call such interests selfish, if you please, Mr. President, but there are 17 beet-growing States that want this question decided; there are 5 cane-producing States that want it decided; the Pacific Coast States, without exception, want it decided; all Representatives and all Senators want the immigration problem determined.

In the meantime, Mr. President, the Filipino people can not adjust their domestic affairs; they are in confusion politically and economically; they can make no advance; they are waiting for the Senate to consider and to come to a determination of the question upon which the House of Representatives has acted and to give them an assurance as to the future of the islands. Now their status is uncertain. Our interests in the Philippines likewise are uncertain.

The two great parties are about to hold their conventions. The Republican Party, in its 1924 platform, declared that this was a nonpartisan question; but how can we prevent it from becoming a partisan question if, with this record before us, with a Democratic House having passed an independence bill, we pass it over until December because a Republican Senate refuses to consider the bill that came from the House last April?

Mr. President, I do not want to interfere with the consideration of any proposed relief legislation or with any of the other great bills which must be passed. I do not want to interfere with the bill of the Senator from Virginia [Mr. GLASS], nor with the Muscle Shoals bill of the Senator from Nebraska [Mr. NORRIS]. I recognize the great importance of both bills.

Now, I propose a unanimous-consent agreement, which, if agreed to, will not interfere with the orderly procedure of the Senate, which will not occupy the time of the Senate to any undue degree, but which will give three or four evenings to a discussion of this subject, so that it may be settled, so that the Filipino people may know and the American people may know what is the determination of the Congress.

I know of no great bill during my service in Congress which has been allowed to remain upon the desk without any consideration so long as has the Philippine independence bill, which has been on the calendar since early April. It may be due to some modesty upon the part of the friends of Philippine independence; it may have been modesty on their part, but I think that we have put the necessities of the American people above those of the Philippines. However, if we are to adjourn within the next two or three weeks, it seems to me in the interest of labor, in the interest of the farmer, in the interest of the dairy industry, in the interest of numerous States, and especially, Mr. President, in the interest of these 13,000,000 wards of ours we should at least give some opportunity during night sessions for a discussion of this question.



I send to the desk and ask to have read a proposed unanimous-consent agreement.

Mr. CUTTING. Mr. President, may I ask the Senator a question?

The PRESIDENT pro tempore. The Senator from Connecticut has the floor. Does he yield to the Senator from New Mexico?

Mr. BINGHAM. I yielded for the purpose of having the unanimous-consent agreement offered, Mr. President; but I am perfectly willing to yield to the Senator from New Mexico.

Mr. CUTTING. The Senator from Missouri said that we were going to adjourn in two or three weeks. I wonder why the Senator from Missouri makes that statement. Is there any reason why we should adjourn until we have accomplished the work which is lying before us?

Mr. HAWES. Personally, I hope we will do what the Senator suggests.

Mr. BINGHAM. Mr. President, I hope we will not get into a discussion of adjournment now. I yielded for the purpose of having a unanimous-consent agreement presented.

The PRESIDENT pro tempore. The unanimous-consent request will be read.

The Chief Clerk read as follows:

I ask unanimous consent that the Senate be in session on Friday, the 17th day of June, from the hour of 8 p. m. until 10.30 p. m., and that at said hour of 8 o'clock any unfinished business then before the Senate, except a conference report, be temporarily laid aside and that the Senate proceed to the consideration of H. R. 7233; and that if a conference report is pending at said hour, that said H. R. 7233 be taken up upon the final disposal of such conference report, and that such consideration of said bill continue between said hours on said 17th day of June, unless final action on said bill is taken prior to the completion of such period; and that if final action is not taken on said bill (H. R. 7233) at such time that under the same terms and conditions it be taken up at the same hour and for the same period of time on the 18th, 20th, and 21st of June unless final action is taken on said bill prior to the expiration of such time.

The PRESIDENT pro tempore. The Chair will be compelled to hold that inasmuch as the unanimous-consent agreement looks to a final vote upon the bill, it will require the calling of a quorum.

Mr. DILL. Mr. President, I object.

The PRESIDENT pro tempore. Objection is made.

Mr. HAWES. Mr. President, I call the Chair's attention to the proposed agreement. It does not provide for a final vote.

The PRESIDENT pro tempore. The Chair so understood it; but, at any rate, objection has been made.

Mr. HAWES. May I ask who made the objection?

The PRESIDENT pro tempore. The Senator from Washington [Mr. DILL].

Mr. DILL. I made the objection, Mr. President. I objected, because I am opposed to tying up the Senate a week or 10 days ahead.

#### PAY OF LABORERS AND MECHANICS ON PUBLIC BUILDINGS

Mr. SMITH obtained the floor.

Mr. METCALF. Mr. President—

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Rhode Island?

Mr. SMITH. For what purpose does the Senator rise?

Mr. METCALF. I desire to call up a bill which is on the desk. It will take only a moment. It is a bill that has passed the Senate.

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 3847) to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings, which was to strike out all after the enacting clause and insert:

That the act entitled "An act relating to the rate of wages for laborers and mechanics employed on public buildings of the United States and the District of Columbia by contractors or subcontractors, and for other purposes," approved March 3, 1931, is amended to read as follows:

"That the advertised specifications for every contract in excess of \$5,000 for construction, alteration, and/or repair, including

painting and decorating, of public buildings or public works, except shipbuilding, in the District of Columbia, the Canal Zone, or in any city, town, village, or other civil subdivision of any State or Territories to which the United States or the District of Columbia is to become a party and which requires or involves the employment of mechanics or laborers shall contain a provision stating the prevailing rate of wages as determined by the Secretary of Labor for various grades of mechanics and laborers for work of a similar nature in the District of Columbia, the Canal Zone, or in the city, town, village, or other civil subdivision of any State or Territories in which all or the principal part of the particular contract work is located; and every contract for the construction of public buildings or public works, except shipbuilding, to which the United States, the District of Columbia, or the Panama Canal shall become a party shall contain a stipulation that the contractor and his subcontractors shall pay the mechanics and laborers employed directly on the site of such work at not less than the rate of wages stated in the advertised specifications. The books and pay rolls of the contractor and his subcontractors shall be so kept as to show the actual wages paid mechanics and laborers, and shall be open to inspection by an authorized officer or employee of the United States or the District of Columbia, respectively.

"Sec. 2. Any contractor or subcontractor who fails to pay not less than the rate of wages stated in the advertised specifications and made a part of the contract, or who, after making proper payment, requires a laborer or mechanic to refund any part of the wages so paid, shall forfeit to the United States the sum of \$10 per day per laborer or mechanic for every day any laborers or mechanics are paid less than such prevailing rate of wages, and for each such refund required from any mechanic or laborer, shall forfeit to the United States a sum not less than five times the value thereof. Any laborer or mechanic employed on any such work who accepts a rate of wages less than that prescribed in the advertised specifications, or who makes any refund to the contractor or subcontractors shall, within 10 days after such payment or refund, file a sworn statement with the Secretary of Labor or the Commissioners of the District of Columbia, respectively, setting forth the facts, and any amounts to be forfeited as provided in this section shall be deducted by the Comptroller General or the Commissioners of the District of Columbia, respectively, from any sums due the contractor from the United States or the District of Columbia, respectively, or if nothing remains due the contractor, such amounts may be recovered by the United States or the District of Columbia, respectively, as a debt in a suit at law against either the contractor and his surety or his subcontractors. The amounts so forfeited or recovered shall be applied, first, to the payment to the laborers and mechanics of any difference between the amounts found by the Comptroller General or said commissioners, respectively, to have been paid them and the prevailing rate of wages, or of the amounts which such laborers and mechanics were required to refund, and the balance shall be covered into the Treasury as miscellaneous receipts, if the contract be with the United States, or to the credit of the District of Columbia if the contract be with the District of Columbia.

"Sec. 3. When any of the departments or independent establishments of the United States, including the District of Columbia, perform work by Government plant and hired labor which could have been performed under contract, but not including work in arsenals or navy yards or work performed by the Panama Canal, such departments and establishments, including the District of Columbia, shall also pay not less than the prevailing rate of wages as established by the Secretary of Labor at the time the work is undertaken: *Provided*, That in case of national emergency the President is authorized to suspend the provisions of this act."

Sec. 2. If the provisions of section 1 of this act, or the application thereof to any person or circumstances, shall be held invalid, the act of March 3, 1931, or the application thereof to any such person or circumstances, as the case may be, shall not be affected by the enactment of this act.

Sec. 3. This act shall take effect 30 days after its passage, but shall not affect any contract then existing or any contract that may thereafter be entered into pursuant to invitations for bids that are outstanding at the time of the passage of this act.

Mr. KING. Mr. President, the bill has just come over from the House. We have had no opportunity to examine the amendment. I shall have no objection to its being taken up the first thing in the morning.

Mr. METCALF. Mr. President, will not the Senator withhold his objection? This bill has already passed the Senate once, and has passed the House. The House cut out one part of it, and in order to make it correct I have had two amendments proposed to cut out some of the language in the other parts of the bill. The same thing has passed the Senate, and also the House.

Mr. KING. The matter is one of great importance. I was familiar with the Senate bill; but it does seem to me that the Senator ought to wait until to-morrow morning. I will join him in asking that it be taken up the first thing to-morrow morning.

The PRESIDENT pro tempore. Objection being made, the matter will go over.



## THE COTTON CROP

Mr. SMITH. Mr. President, on account of conditions over which I have no control, after to-morrow I shall be indefinitely absent from this body. I desire to take this occasion, here and now, to call attention to what seems to be a matter of more or less indifference to some persons, but which is actually a fundamental matter, to the relief of which we must give attention, if we are to emerge from this terrible depression. I am speaking of the agricultural condition in this country.

Immediately after Congress convened an S O S cry came from organized business. We promptly responded by taking up the time of this body with and passing a \$2,000,000,000 relief bill. In that measure we specifically stated what character of business would receive the benefits of the taxpayers' money in the form of the bonds that were authorized in that act.

The act has been in operation for more than a month. I do not deny, nor do I detract from, the good work it has done in the specified field of its operation. It has been of benefit in keeping certain financial institutions from going into the hands of receivers, or failing.

Subsequently to the passage of that act, we have discussed bills every one of which is for the benefit of the creditor class. No bills have been introduced here, save one or two—and they have not been discussed—that take cognizance of the frightful condition in which twenty odd million American citizens now find themselves.

We underwrote, or prepared to underwrite, the frozen assets of the railroads, the insurance companies, banks, and trust companies; and not one dollar have we appropriated or made available for the frozen assets of the farms of this country.

No man on this floor will dispute the fact that the products of the farm are the fundamental necessities of this country, and not the stocks and bonds of our industrial institutions. We have accepted or authorized the acceptance of certain securities which, by the very nature of the progress of modern affairs, may be of less value, no matter if prosperity should come back, than they are to-day.

Yesterday, wheat and cotton reached a level lower than ever before in the history of the trading in those two commodities. The price of wheat has fallen so inordinately low that those who produce the bread that the nations eat are bankrupt and ruined. The cotton crop of this year will bring to the farmers of the South and of America \$871,000,000 less than the cost of production.

We accepted the bonds and securities of these corporations as security against a loan on the part of the Government. There have been produced by the faithful yeomanry of the South 12,000,000 bales of cotton which will be available on the 1st day of August, 1932, this cotton having been made in 1930 and 1931. In other words, we have a year's supply of cotton already on hand. Another crop added to that spells absolute glut and destruction of the cotton market.

The cotton that is on hand to-day is now being sold around 4½ cents a pound, as against 20 cents three years ago. That means that cotton now, according to the Department of Agriculture, is selling for anywhere from \$20 to \$25 a bale lower than the cost of production.

I ask the Senate and ask the Nation at large if it is not the part of wisdom and economy and the part of statesmanship for the Government to purchase this cotton now at this ridiculously low price. Ten million bales of it can be bought for \$250,000,000, as against \$800,000,000, which is the cost of production. That cotton could be bought now and allocated to the growers. Every grower in the country could be given the opportunity of substituting this cotton, already made, for that which is growing in his field. The cost of picking and ginning and the bagging and ties that go on it will almost equal the price of a bale of cotton to-day.

I have introduced a bill appropriating \$200,000,000 to enable the Government to buy this surplus, \$20 a bale below the cost of production, and then, through the agencies al-

ready set up by the Agricultural Department under the appropriation I got for crop production, to take the contract of the grower that he will not produce this year in excess of 50 per cent of the 1931 crop, and the Government will substitute the other 50 per cent out of this cotton that is already on hand, thereby giving him an equity in the frozen asset that he has produced, so that by reducing the production of this year and at the same time reducing the surplus the farmer will get the benefit of what now threatens to be his destruction.

I went before the Agricultural Committee with this bill. The Secretary of Agriculture did not agree to it, on the ground that it was not practicable. I submit to any man, if here is an agricultural product that is indestructible as long as it is kept from fire and water, and if that cotton can be bought from \$15 to \$20 a bale cheaper than the farmers can produce it, why can not the Government appeal to the common sense of the cotton grower and say, "We will substitute your next year's supply, which is already in existence, if you will agree not to produce this year within 50 per cent of what you produced last year?"

The commissioner of agriculture of the State that makes one-fifth of the cotton made in America said that if this bill was passed he was perfectly willing himself to graze his cattle on his cotton fields, even though the cotton was produced.

The bill I introduced included both wheat and cotton. The wheat people have a different problem; but I submit, Mr. President, that cotton can not be shipped to any spot in the world without satisfying some demand and resulting in a lowering of the price.

I charge now that those of us who represent the cotton-growing States have been derelict in our duty. No voice is lifted here; nothing is said here that will result in succor to those who are losing their homes, who are being turned out into the roads, after they have produced the raw material out of which the clothing of the nations of the earth is made.

We can stand here and grow eloquent over feeding the hungry; we can grow eloquent over going to the rescue of the railroads and trust companies; we can grow eloquent over a tax bill which in its last analysis will rest upon the shoulders of these very destitute farmers; we can pass an economy bill which in its ramifications will subtract from the small wage earner; oh yes, we can pass a bill to balance the Budget, and unbalance the budget of every home in the United States. Had we been possessed of proper statesmanship and the proper attitude, we would first have balanced the budgets of the people, and then they would have balanced ours.

I feel that I myself have been derelict in my duty in not every day and every chance I got standing on this floor and demanding the recognition to which those who feed and clothe this country were entitled. Not a word has been said along that line.

Cotton is a commodity which is imperishable when any care is taken of it, a commodity which has held the balance of trade in favor of the United States for 70 years and has no competitor, but the producers of it are reduced to beggary and to abject poverty, and not a word is being said in their behalf or a measure being introduced for their relief.

America's monopoly of cotton is no more jeopardized to-day than it was before the war. We heard much about the sale of Russian cotton. Russia has not been making as much cotton since the war as she made before the war.

Mr. CONNALLY. Mr. President, will the Senator yield to me?

Mr. SMITH. I yield.

Mr. CONNALLY. The Senator said a moment ago that no relief measure had been introduced. I want to call his attention to the fact that I have a bill pending to direct the Reconstruction Finance Corporation to use \$250,000,000 of its assets to aid in exporting wheat and cotton by lending to exporters and lending to foreign interests which may desire to buy. Does not the Senator think that would be helpful?



Mr. SMITH. I do not know about wheat; but I do know that we could not export cotton now, with another crop coming in, without doing the very thing we are trying to avoid, namely, deflate the price. We have to reduce the surplus, and the only way to reduce the surplus is to prevent cotton being reproduced on the farms. If we can reduce the present crop to some five or six or, say, eight million bales, and then let the cotton that is purchased by the Government be carried into 1933 and then amortized on the same terms, within two years we can get rid of the surplus for the benefit of the grower without the Government losing a cent.

Mr. President, I do not know whether it is indifference, or whether it is ignorance of the subject; but I do know that, so far as this calamity that is facing my State and every cotton State, including the State of the Senator from Georgia [Mr. GEORGE] is concerned, unspeakable in its result, no helpful measure has been enacted. The calamity can not be averted by furnishing the exporter with money to send cotton abroad because the surplus, plus the incoming crop, will be too great for the world to absorb. We have to make provision for reducing the total by not duplicating the surplus from the fields this year and next year.

I am glad to say that the leading economists of this country have indorsed the proposition I have advanced. Members of the Senate and the House, in the room of the Committee on Agriculture of the Senate, indorsed it. For nearly three years we begged the Farm Board to adopt the plan of financing cotton for the benefit of the farmer, and holding it in trust for him upon his enforceable contract that he will not duplicate it.

What man having sense enough to keep out of an asylum would not rather have his crop sold for him at the present price and held for him until the crop season is past than to make a crop which he knows, after his labor and the gathering and the marketing, will not give him back as much as it cost him to make it?

It is a simple proposition. You can buy it cheaper than you can make it, and as I said a moment ago and repeat, citizens of Arizona were in my office, as well as citizens of New Mexico, Texas, and Oklahoma, and said that if this bill could be passed, they would graze their cattle on the growing crop, because they would have one already guaranteed to them by the Government cheaper than they could make it, and they could at least have the extra crops of whatever character they could plant between now and when the season is too late.

I have introduced a bill to grant some relief, but I have to leave the city, and I do want my colleagues from the South and from the other cotton-growing States to take that measure up and see if it is not possible to get the relief that would come from it.

Bills are pending before the Committee on Agriculture to buy the Farm Board wheat and to distribute it through the Red Cross and other agencies in order to reduce the surplus. On March 1 we had 500,000,000 bushels of surplus wheat. We have something like 400,000,000 bushels now, with the Nation starving and another crop coming in, both winter and spring wheat. How can we expect farmers to get a living out of the price of wheat when there is a year's supply brought over from other years?

Senators sit here and say, "Well, it is not practical," but it was very practical to run and take the doubtful securities of the great trusts of this country. It was all right to put a billion four hundred million dollars on the backs of those who were already penniless and bankrupt. Oh, yes; you could do that; that was very practical.

We heard that miserable slogan, which nobody had ever heard of before this good year of our Lord 1932, "Balance the Budget." A lot of those who cried out to balance the Budget now wish to God they had not said anything about it, because part of the balancing will come out of their own budgets, which are also unbalanced.

Senators here were stamped by a miserable propaganda which meant nothing. Through the power of eminent domain this Government, our Federal Government, is the proud possessor, so far as taxes are concerned, of every

piece of property in America. She will never go bankrupt, never default on a payment, because she can cash in whenever she sees fit. But under the sinister influence of forces that you and I know were at work the slogan was sent throughout this country, "Balance the Budget," and we fell for it and imposed on the backs of our suffering and helpless people \$1,400,000,000 of extra burden. The crop of the very people I have described this evening, which, up until last year, brought into America every year from \$750,000,000 to \$800,000,000 in gold that is kept out, and the producers are bankrupt and ruined. There is the golden grain of the West, which has been the great granary of America, feeding from Florida to Canada and from New York to San Francisco abundantly the 120,000,000 people of the country, the producers of which necessity of life are to-day bankrupt and ruined and losing their homes, while we, with tender solicitude, are taking care of the corporations.

Who stood here and said let us save the wheat farmer, let us give him a royal living, as he has fed us all; let us take care of the wool and the cotton producers, as they have loyally clothed us all? No. We say, "Oh, no; oh, no; he is not organized; he can not concentrate and make himself felt at the ballot box. Therefore he is the Chinese of American economy, greater in number than all the balance, but disorganized."

Mr. President, if I had been talking about getting some money for a bank or making a provision to go down and help out some institution, those things which are organized, many more Senators would have been here honoring me with their attention.

Mr. SHORTRIDGE. I am here.

Mr. SMITH. I want to state for the Record that I believe as sympathetic a man as there is in this Chamber toward the cause of the farmers of this country is the junior Senator from California [Mr. SHORTRIDGE]. They always get a sympathetic reaction from him.

I do not know just what is going to be the result of this frightful condition that has gradually grown until at last it has reached the point where wheat and cotton are cheaper than they ever were before in the history of the production of those two commodities.

Mr. SHORTRIDGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from California?

Mr. SMITH. I yield.

Mr. SHORTRIDGE. First thanking the Senator for his kindly words, he will not overlook the fact, which I never overlook, that California has become a great cotton-producing State, wherefore I have been intensely interested in the thoughtful remarks of the Senator from South Carolina.

Mr. SMITH. I want to say to the Senator from California that the production of cotton in California was such that when they first tried the seed of the Egyptian cotton they produced a cotton equal, both in length of staple and character, to the parent cotton from which it was derived.

Mr. President, I am now about through. I took the bill which I introduced before the Committee on Agriculture and Forestry. The question was asked, How much does it cost to put in the fertilizer? How much does it cost to plant it? How much would it cost up to the present time? Being told, it was said that is about a quarter of its general cost. Picking and ginning and harvesting would cost about how much? "If you would go and buy this cotton, you would run the risk of paying insurance and storage, and we do not think it is a practical thing." God help us! Here is cotton that some one is talking about producing. When we pay for fertilizer, cultivation, picking, and ginning and selling at the present time, it is now selling \$25 or \$30 a bale below the cost of actual production. Then talk about remedying it by sitting down and talking about shipping it to some market where American products do not penetrate. Where does anyone suppose any such place is? Where in the world could we send our surplus bales of cotton where American products have not penetrated?

If I were not forced to leave the Chamber, I would, now that all the balance of the American world has been accom-



modated, everybody has been handed out a gift, Santa Claus has passed around his gifts to the railroads and the banks and all those institutions, and even to the urban population that is starving, and God knows I would help them—

Mr. BARKLEY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Kentucky?

Mr. SMITH. I yield.

Mr. BARKLEY. When the Senator rose to talk he said because of circumstances over which he had no control he would have to leave. We all hope that before he returns he will have resumed control of the circumstances which take him away. [Laughter.]

Mr. SMITH. I thank the Senator.

Mr. President, I wish we were in as intimate touch with the lonely farm home as we are in touch with the urban home. I wish we knew just what terror is facing that farm life which has been so happy through all these years and a majority of whose sons sleep under the poppies on Flanders field. Leave them alone! They have no voice here. Our lobby, as we all know, has been crowded by those interested in every bill that we have brought up here.

Mr. LEWIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Illinois?

Mr. SMITH. I yield.

Mr. LEWIS. I wish to assert for myself that I am able to say that which has been the experience of many other Senators, that if it be true I have not been keeping in touch with my constituents in the State where I live, I never fail to feel the touch when my constituents arrive here. [Laughter.]

Mr. SMITH. Yes; but those who touch the Senator, I am very confident, do not touch the plow handles.

Mr. President, I do not know whether during this session of Congress any practical effort, any common-sense effort, is going to be made to reduce this surplus through Government agencies. Those who do not know a cotton stalk from a Jimson weed have no right to set themselves up as judges of what would be practical for the cotton grower.

Mr. NORBECK. Mr. President—

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from South Dakota?

Mr. SMITH. I yield.

Mr. NORBECK. I am much interested in the discussion of the Senator from South Carolina. I realize and appreciate his sincere interest in the problem of his people and other farmers. While we know very little about cotton, we understand it is largely an overproduction problem. I just want to state that with wheat it is somewhat different. While the wheat farmer has been suffering the same as the cotton farmer from overproduction, the fact of the matter is that we produce less wheat per capita than we did 30 years ago or 20 years ago. Of course, a surplus has developed in some other countries and has depressed the world market. The solution seems to lie along different lines. While our export of wheat is only one-twentieth of the world consumption, the South sends into the world market more than one-half of the world's consumption of cotton. Therefore the American crop dominates the world market in cotton and has a very slight influence on the world market in the case of wheat.

I wanted to make that observation so the impression shall not go out that the agricultural problems have come to us mainly as a result of increased production.

The problem is alike both North and South. Production costs are high. The exchange value of the farmer's commodity is low. Both cotton and wheat are sold at less than cost of production. Almost everything the farmer buys is high. It actually takes most of the crop to pay the interest on the mortgage. We need not only a fair exchange for our commodities but we are sadly in need of a lower interest rate on farm mortgages. Unless we can get a substantially better price the mortgages can not be paid, and they will not be paid. A few years ago the creditor class was sitting pretty. The issue is now one which also concerns the

creditor, and it better be his concern. His unwillingness in the past to give agriculture a square deal will yet prove to be his own loss. He has been shortsighted. We are reminded of the man who killed the goose that laid the golden egg. He wanted the gold; he was not willing to wait, so he destroyed his own chance.

Mr. SMITH. Mr. President, the overproduction, so called, is having a material effect in this depression. In 1926, 1927, and 1928 the consumption of American cotton was more than 15,000,000 bales. The depression came on, the purchasing power of the world, both in America and abroad, was destroyed, and the consequence was there was a surplus accumulated out of what before that was just a normal crop. Of course, in the last year we did produce an abnormal crop. We produced perhaps 2,500,000 bales more than the average.

Mr. GEORGE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Georgia?

Mr. SMITH. I yield.

Mr. GEORGE. The Senator will bear me out in the statement that during the last marketing season he and I worked very faithfully with the Farm Board and with the reserve bank system, in fact, all the governmental agencies, trying to persuade them that 1932 production of cotton could be completely controlled or adequately controlled by doing what the Senator has outlined in the bill which he has offered to the Senate.

Mr. SMITH. That is true. May I say to the Senator from Georgia that as I look back on it now I think we were somewhat derelict in our duty. We ought to have paid no attention to those departments, who either do not know or are indifferent to the circumstances. The Senator was convinced, as every representative of a cotton State was convinced, and we were waiting to get the opinion of those who knew nothing about it. What we ought to have done was to enact the law. Our friends here would have listened to us. We should have formulated the bill and enacted it into law and made it mandatory, and ourselves assumed the responsibility of success or failure.

As I have said, we have handed out relief to everybody else, and now we are about ready to adjourn and go home. Have we discharged our duty? We have taken care of everything that can contribute to a campaign fund, to those who can go around and manipulate things, so why worry? If these fellows die, there will be that less number to consume. Leave them alone and that is exactly what will happen. Senators from the South and Senators from the West, are we going to adjourn and go home and leave this unspeakable condition resting upon those who feed and clothe us?

Mr. President, I want in conclusion to say that I hope the Senators from the South will take up this bill, or one that will accomplish the same purpose. I am going to call them together to-morrow morning before I leave Washington and ask for an honest expression of opinion as to whether an honest effort is going to be made to start a reduction of production and a diminution of the surplus.

Mr. McNARY obtained the floor.

Mr. JONES. Mr. President—

Mr. McNARY. I yield to the Senator from Washington to present a conference report.

#### LEGISLATIVE APPROPRIATIONS—CONFERENCE REPORT

Mr. JONES submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11267) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 14, 19, 33, 34, 36, 38, 42, and 43.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 10,



11, 12, 13, 15, 16, 17, 20, 21, 25, 26, 27, 28, 29, 30, 31, 32, 35, 37, 39, 40, 41, and 44; and agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended as follows: In lieu of the sum named in said amendment insert "\$3,500"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment amended as follows: In lieu of the sum named in said amendment, insert "\$150,000"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$67,500"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$58,500"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$170,000"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "\$76,000; in all, \$210,800"; and the Senate agree to the same.

The committee of conference have been unable to agree on amendments numbered 46 to 168, inclusive, to Part II of the bill.

W. L. JONES,  
REED SMOOT,  
FREDERICK HALE,  
E. S. BROUSSARD,  
SAM G. BRATTON,  
*Managers on the part of the Senate.*  
JOHN N. SANDLIN,  
LOUIS LUDLOW,  
GUY U. HARDY,  
*Managers on the part of the House.*

Mr. JONES. This is a report on the first part of the legislative appropriation bill. There is no disagreement of any consequence between the House Members and the Senate conferees. The House receded on practically all the amendments we put into the bill. We receded, I think, on about seven minor amendments. They expect to appoint new conferees on the economy part of the bill, and that is the reason why I report this partial disagreement. After this report is adopted I want to ask that our disagreement be insisted upon, that conferees on our part be appointed, and then the House will appoint a new set of conferees. I ask for the adoption of the report.

Mr. BLAINE. Mr. President, there is a very small attendance here at this late hour.

Mr. JONES. This report simply deals with the first part of the bill, the legislative feature. There is no difference of any considerable moment at all. The House receded on practically all of the amendments we put into the bill.

Mr. BLAINE. But there is a disagreement on the bill as a whole?

Mr. JONES. Yes; there is disagreement on the other part of the bill.

Mr. BLAINE. I inquire if it is not a very unusual proceeding?

Mr. JONES. The proceeding on the part of the House to appoint a new set of conferees for another part of the bill is a very unusual proceeding. I never before knew it to

have been done. We do not expect to appoint different conferees ourselves, but I understand that is what the House will do. We report a disagreement on the second part of the bill, and I understand they are going to appoint a new set of conferees; but of course that rests with them.

Mr. BLAINE. I am not familiar with that unusual proceeding. The Senator suggests that this is probably the first time that it has been done. In view of that fact and that the Senate has to act on the conference report, unless there is a quorum called so Members of the Senate who are absent will have an opportunity to consider the matter, I think it should go over until to-morrow. I am not interposing any objection to the conference report itself.

Mr. JONES. Mr. President, I want to say that there is no possible objection to the first part.

Mr. BLAINE. If there is not, why not let it go over until to-morrow morning?

Mr. BINGHAM. Mr. President, if the Senator will permit me, I should like to say that it has been a frequent occurrence that a conference committee on the part of the Senate reported an agreement as to some of the amendments to a bill and a disagreement as to the others. There is nothing unusual about that. May I say to the Senator from Wisconsin that all the Senator from Washington is asking is that the Senate agree to that portion of the report where the House has practically not disagreed at all to what the Senate desires.

Mr. JONES. And that the Senate agree to the disagreement as to the other portion.

Mr. BLAINE. If the Senator will yield, may I suggest that the matter go over until to-morrow morning? There will be no delay then.

Mr. JONES. I thought it would save us a day or two. The House can not consider the report until it has been printed for a day. If we were to act now, of course, they could act on it to-morrow, and then the new conferees could be appointed, if they want to appoint them.

Mr. BINGHAM. As a matter of courtesy to the House, they should be permitted to follow what seems to them a desirable procedure.

The PRESIDENT pro tempore. The Senator from Oregon has the floor and yielded for the purpose of having the conference report, which is a privileged matter, presented. The question of agreeing to the conference report is debatable. The Chair wishes to say, if he may, for the information of the Senate, that while it is true that conferees frequently report a partial agreement and then continue their labors, it is a most unusual proceeding for new conferees to be appointed in connection with a single portion of any bill which is in disagreement. However, the Chair wishes to know what is the will of the Senate.

Mr. JONES. Mr. President, I want to suggest that the fact that the House may appoint new conferees is not a matter for us to consider; it is none of our business what they may do in regard to the amendments in disagreement; but, as Senators want this question to go over, however insignificant these matters are, I am perfectly willing that that be done.

Mr. McNARY. I suggest to the Senator that he allow it to go over until to-morrow. We do not want a roll call now; it is pretty late.

Mr. JONES. I withdraw the report for to-night.

The PRESIDENT pro tempore. Why may not the Senator present the report now and have it printed in the RECORD and call it up to-morrow? It is a privileged matter.

Mr. JONES. It would then be in a different status from what it now is if it were ordered printed in the RECORD.

The PRESIDENT pro tempore. Very well. The Senator from Washington withdraws the report.

#### CONSIDERATION OF AGRICULTURAL RELIEF MEASURE

Mr. HOWELL. I ask unanimous consent that, following the disposition of the District of Columbia appropriation bill, Calendar No. 780, being Senate bill 4536, to amend the agricultural marketing act approved June 15, 1929, may be made the unfinished business.

The PRESIDENT pro tempore. Is there objection?



Mr. COUZENS. Mr. President, before consent is given, I think we ought to have a quorum, because I think it is unusual to ask for consent of that kind with so few Members present.

Mr. BINGHAM. Mr. President, I know some members of the Appropriations Committee who are not present who have appropriation bills they desire to bring up, and on their behalf I feel constrained to object.

The PRESIDENT pro tempore. Objection is made.

#### EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### POSTMASTER AT PRESCOTT, ARIZ.

Mr. ASHURST. Mr. President, under Rule XXVI, I respectfully move to discharge the Committee on Post Offices and Post Roads from the further consideration of the following subject, to wit, the nomination of Miss Helen A. McNutt, to be postmaster of the city of Prescott, Ariz.

I make this motion because the nomination has been before the committee for more than 50 days; no charges have been filed against the nominee, but for some reason I have been unable to secure a report from the committee. If I understand the rule correctly, the motion must lie over for one day. Am I correct in that, I inquire of the Chair?

The PRESIDENT pro tempore. Not necessarily unless some Senator objects, but the present occupant of the chair, in his capacity as a Senator and in the absence of the chairman of the committee, would feel constrained to object. So that the motion will go over for one day, anyway, until the next executive session.

Mr. ASHURST. I wish to serve notice that just as soon as another executive session of the Senate is held I shall ask for action upon my motion.

The PRESIDENT pro tempore. The motion will be entered in accordance with the rule.

Mr. McNARY. Mr. President, I can assure the Senator from Arizona that we will have an executive session on Monday.

#### REPORTS OF THE POST-OFFICE COMMITTEE

The PRESIDENT pro tempore. Reports of committees are in order.

Mr. McNARY (for Mr. McKellar), from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters.

Mr. SCHALL, from the Committee on Post Offices and Post Roads, reported favorably several nominations of postmasters.

The PRESIDENT pro tempore. The reports will be placed on the calendar.

#### TREATIES—REGULATION OF WHALING

The PRESIDENT pro tempore. If there be no further reports of committees, the calendar is in order.

Executive A (71st Cong. 3d sess.): Protocols concerning adherence of the United States to the Court of International Justice, transmitted by the President of the United States on December 10, 1930, was announced as first in order.

The PRESIDENT pro tempore. In the absence of the chairman of the Committee on Foreign Relations, the Chair assumes that all treaties on the calendar may go over.

Mr. NORBECK. Mr. President, I inquire of the Chair if the chairman of the Foreign Relations Committee asked that the treaty regarding the regulation of whaling go over? I know he is very much interested in having that treaty ratified, and he is not here.

The PRESIDENT pro tempore. The Chair will say that he acted on his own initiative because, noticing the absence of the chairman of the committee, and being himself a

member of the committee, he assumed that the treaties ought to go over.

Mr. NORBECK. The chairman of the committee requested me to explain it if it came up. That is the reason I asked the question. I do not think there is any objection to this treaty. Twenty-seven nations have signed it. It is simply for the protection of whales; to prevent the killing of immature whales, and it will become effective as each country passes the appropriate laws.

The PRESIDENT pro tempore. If the Chair may still function as a Senator, he will state that everything the Senator from South Dakota has said about the particular treaty is absolutely accurate, and the Chair merely entered the request because the chairman of the committee is not present. There was absolutely no difference in the Committee on Foreign Relations regarding the treaty, and, in view of what the Senator from South Dakota has said, the treaty Executive A and the treaty Executive K will be passed over and the treaty Executive J will be considered.

The Senate, as in Committee of the Whole, proceeded to consider the treaty Executive J (72d Cong., 1st sess.), a multilateral convention for the regulation of whaling, signed by the United States at Geneva, on March 31, 1932, which was read, as follows:

#### CONVENTION FOR THE REGULATION OF WHALING

His Majesty the King of the Albanians; the President of the German Reich; the President of the United States of America; His Majesty the King of the Belgians; His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India; the President of the Republic of Colombia; His Majesty the King of Denmark and Iceland; the President of the Government of the Spanish Republic; the President of the Republic of Finland; the President of the French Republic; the President of the Hellenic Republic; His Majesty the King of Italy; the President of the United States of Mexico; His Majesty the King of Norway; Her Majesty the Queen of the Netherlands; the President of the Polish Republic; His Majesty the King of Roumania; the Swiss Federal Council; the President of the Czechoslovak Republic; the President of the Turkish Republic; His Majesty the King of Yugoslavia have appointed as their Plenipotentiaries the following:

His Majesty the King of the Albanians:

M. Lec Kurti, Resident Minister, Permanent Delegate accredited to the League of Nations.

The President of the German Reich:

M. Hans Hermann Völkner, Consul-General at Geneva.

The President of the United States of America:

Mr. Hugh R. Wilson, Envoy Extraordinary and Minister Plenipotentiary to the Swiss Federal Council.

His Majesty the King of the Belgians:

M. P. Hymans, Minister for Foreign Affairs.

His Majesty the King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India: For Great Britain and Northern Ireland and all parts of the British Empire which are not separate Members of the League of Nations:

The Right Honourable Viscount Cecil of Chelwood, K. C.

For the Dominion of Canada:

The Honourable Hugh Guthrie, P. C., K. C., M. P., Minister of Justice and Attorney-General.

For the Commonwealth of Australia:

Mr. James R. Collins, C. M. G., C. B. E., Official Secretary and Financial Adviser in the Office of the High Commissioner in London.

For the Dominion of New Zealand:

Sir Thomas Mason Wilford, K. C. M. G., K. C., High Commissioner in London.

For the Union of South Africa:

Mr. C. T. de Water, High Commissioner in London.

For India:

Sir Brojendra L. Mitter, Kt., Law Member of the Viceroy's Executive Council.



The President of the Republic of Colombia:

Dr. A. J. Restrepo, Permanent Delegate accredited to the League of Nations.

His Majesty the King of Denmark and Iceland:

M. William Borberg, Permanent Delegate accredited to the League of Nations.

The President of the Government of the Spanish Republic:

M. Alejandro Lerroux García, Minister of State.

The President of the Republic of Finland:

M. Evald Gyllenbøgel, Counsellor of Legation, Permanent Delegate *a. i.* accredited to the League of Nations.

The President of the French Republic:

M. Louis Rollin, Deputy, Minister of Commerce and Industry.

The President of the Hellenic Republic:

M. R. Raphaël, Permanent Delegate accredited to the League of Nations.

His Majesty the King of Italy:

M. Augusto Rosso, Minister Plenipotentiary, Substitute Delegate to the Council of the League of Nations.

The President of the United States of Mexico:

M. Salvador Martínez de Alva, Head of the Permanent Office accredited to the League of Nations.

His Majesty the King of Norway:

M. Birger Braadland, Minister for Foreign Affairs.

Her Majesty the Queen of the Netherlands:

Jonkheer F. Beelaerts van Blokland, Minister for Foreign Affairs.

The President of the Polish Republic:

M. Auguste Zaleski, Minister for Foreign Affairs.

His Majesty the King of Roumania:

M. Constantin Antoniadu, Envoy Extraordinary and Minister Plenipotentiary accredited to the League of Nations.

The Swiss Federal Council:

M. Giuseppe Motta, President of the Swiss Confederation, Head of the Federal Political Department.

The President of the Czechoslovak Republic:

M. Zdeněk Fierlinger, Envoy Extraordinary and Minister Plenipotentiary to the Swiss Federal Council, Permanent Delegate accredited to the League of Nations.

The President of the Turkish Republic:

Cemal Hüsnü Bey, Envoy Extraordinary and Minister Plenipotentiary to the Swiss Federal Council.

His Majesty the King of Yugoslavia:

M. Voislav Marinkovitch, Minister for Foreign Affairs.

Who, having communicated their full powers, found in good and due form, have agreed on the following provisions:

#### ARTICLE 1

The High Contracting Parties agree to take, within the limits of their respective jurisdictions, appropriate measures to ensure the application of the provisions of the present Convention and the punishment of infractions of the said provisions.

#### ARTICLE 2

The present Convention applies only to baleens or whale-bone whales.

#### ARTICLE 3

The present Convention does not apply to aborigines dwelling on the coasts of the territories of the High Contracting Parties provided that:

- (1) They only use canoes, pirogues or other exclusively native craft propelled by oars or sails;
- (2) They do not carry firearms;
- (3) They are not in the employment of persons other than aborigines;
- (4) They are not under contract to deliver the products of their whaling to any third person.

#### ARTICLE 4

The taking or killing of right whales, which shall be deemed to include North-Cape whales, Greenland whales, southern right whales, Pacific right whales and southern pigmy right whales, is prohibited.

#### ARTICLE 5

The taking or killing of calves or suckling whales, immature whales, and female whales which are accompanied by calves (or suckling whales) is prohibited.

#### ARTICLE 6

The fullest possible use shall be made of the carcasses of whales taken. In particular:

1. There shall be extracted by boiling or otherwise the oil from all blubber and from the head and the tongue and, in addition, from the tail as far forward as the outer opening of the lower intestine.

The provisions of this sub-paragraph shall apply only to such carcasses or parts of carcasses as are not intended to be used for human food.

2. Every factory, whether on shore or afloat, used for treating the carcasses of whales shall be equipped with adequate apparatus for the extraction of oil from the blubber, flesh and bones.

3. In the case of whales brought on shore, adequate arrangements shall be made for utilising the residues after the oil has been extracted.

#### ARTICLE 7

Gunners and crews of whaling vessels shall be engaged on terms such that their remuneration shall depend to a considerable extent upon such factors as the size, species, value and yield of oil of whales taken, and not merely upon the number of whales taken, in so far as payment is made dependent on results.

#### ARTICLE 8

No vessel of any of the High Contracting Parties shall engage in taking or treating whales unless a license authorising such vessels to engage therein shall have been granted in respect of such vessel by the High Contracting Party, whose flag she flies, or unless her owner or charterer has notified the Government of the said High Contracting Party of his intention to employ her in whaling and has received a certificate of notification from the said Government.

Nothing in this article shall prejudice the right of any High Contracting Party to require that, in addition, a license shall be required from his own authorities by every vessel desirous of using his territory or territorial waters for the purposes of taking, landing or treating whales, and such license may be refused or may be made subject to such conditions as may be deemed by such High Contracting Party to be necessary or desirable, whatever the nationality of the vessel may be.

#### ARTICLE 9

The geographical limits within which the articles of this Convention are to be applied shall include all the waters of the world, including both the high seas and territorial and national waters.

#### ARTICLE 10

1. The High Contracting Parties shall obtain, with regard to the vessels flying their flags and engaged in the taking of whales, the most complete biological information practicable with regard to each whale taken, and in any case on the following points:

- (a) Date of taking;
- (b) Place of taking;
- (c) Species;
- (d) Sex;
- (e) Length; measured, when taken out of water; estimated, if cut up in water;
- (f) When fetus is present, length and sex if ascertainable;
- (g) When practicable, information as to stomach contents.

2. The length referred to in sub-paragraphs (e) and (f) of this article shall be the length of a straight line taken from the tip of the snout to the notch between the flukes of the tail.

#### ARTICLE 11

Each High Contracting Party shall obtain from all factories, on land or afloat, under his jurisdiction, returns of



the number of whales of each species treated at each factory and of the amounts of oil of each grade and the quantities of meal, guano and other products derived from them.

## ARTICLE 12

Each of the High Contracting Parties shall communicate statistical information regarding all whaling operations under their jurisdiction to the International Bureau for Whaling Statistics at Oslo. The information given shall comprise at least the particulars mentioned in Article 10 and: (1) the name and tonnage of each floating factory; (2) the number and aggregate tonnage of the whale catchers; (3) a list of the land stations which were in operation during the period concerned. Such information shall be given at convenient intervals not longer than one year.

## ARTICLE 13

The obligation of a High Contracting Party to take measures to ensure the observance of the conditions of the present Convention in his own territories and territorial waters, and by his vessels, shall not apply to those of his territories to which the Convention does not apply, and the territorial waters adjacent thereto, or to vessels registered in such territories.

## ARTICLE 14

The present Convention, the French and English texts of which shall both be authoritative, shall remain open until the thirty-first of March 1932 for signature on behalf of any Member of the League of Nations or of any non-member State.

## ARTICLE 15

The present Convention shall be ratified. The instruments of ratification shall be deposited with the Secretary-General of the League of Nations, who shall notify their receipt to all Members of the League of Nations and non-member States indicating the dates of their deposit.

## ARTICLE 16

As from the first of April 1932, any Member of the League of Nations and any non-member State, on whose behalf the Convention has not been signed before that date, may accede thereto.

The instruments of accession shall be deposited with the Secretary-General of the League of Nations, who shall notify all the Members of the League of Nations and non-member States of their deposit and the date thereof.

## ARTICLE 17

The present Convention shall enter into force on the ninetieth day following the receipt by the Secretary-General of the League of Nations of ratifications or accessions on behalf of not less than eight Members of the League or non-member States, including the Kingdom of Norway and the United Kingdom of Great Britain and Northern Ireland.

As regards any Member of the League or non-member State on whose behalf an instrument of ratification or accession is subsequently deposited, the Convention shall enter into force on the ninetieth day after the date of the deposit of such instrument.

## ARTICLE 18

If after the coming into force of the present Convention the Council of the League of Nations, at the request of any two Members of the League or non-member States with regard to which the Convention is then in force, shall convene a Conference for the revision of the Convention, the High Contracting Parties agree to be represented at any Conference so convened.

## ARTICLE 19

1. The present Convention may be denounced after the expiration of three years from the date of its coming into force.

2. Denunciation shall be effected by a written notification addressed to the Secretary-General of the League of Nations, who shall inform all the Members of the League and the non-member States of each notification received and of the date of its receipt.

3. Each denunciation shall take effect six months after the receipt of its notification.

## ARTICLE 20

1. Any High Contracting Party may, at the time of signature, ratification or accession, declare that, in accepting the present Convention, he does not assume any obligations in respect of all or any of his colonies, protectorates, overseas territories or territories under suzerainty or mandate; and the present Convention shall not apply to any territories named in such declaration.

2. Any High Contracting Party may give notice to the Secretary-General of the League of Nations at any time subsequently that he desires that the Convention shall apply to all or any of his territories which have been made the subject of a declaration under the preceding paragraph, and the Convention shall apply to all the territories named in such notice ninety days after its receipt by the Secretary-General of the League of Nations.

3. Any High Contracting Party may, at any time after the expiration of the period of three years mentioned in Article 19, declare that he desires that the present Convention shall cease to apply to all or any of his colonies, protectorates, overseas territories or territories under suzerainty or mandate and the Convention shall cease to apply to the territories named in such declaration six months after its receipt by the Secretary-General of the League of Nations.

4. The Secretary-General of the League of Nations shall communicate to all the Members of the League of Nations and the non-member States all declarations and notices received in virtue of this article and the dates of their receipt.

## ARTICLE 21

The present Convention shall be registered by the Secretary-General of the League of Nations as soon as it has entered into force.

In faith whereof the above-mentioned Plenipotentiaries have signed the present Convention.

Done at Geneva, on the twenty-fourth day of September one thousand nine hundred and thirty-one, in a single copy which shall be kept in the archives of the Secretariat of the League of Nations and of which certified true copies shall be delivered to all the Members of the League of Nations and to the non-member States.

Albania:

LEC KURTI

Germany:

Dr. HANS HERMANN VÖLCKERS

United States of America:

HUGH R. WILSON

Belgium:

HYMANS

Great Britain and Northern Ireland, and all parts of the British Empire which are not separate Members of the League of the Nations:

CECIL

Canada:

H. GUTHRIE

Commonwealth of Australia:

JAMES R. COLLINS

New Zealand:

THOMAS M. WILFORD

Union of South Africa:

C. T. TE WATER.

India:

B. L. MITTER

Colombia:

A. J. RESTREPO

Denmark (with reservation, until further notice, as regards Greenland):

WILLIAM BORBERG.

Spain:

A. LERROUX

Finland:

EVALD GYLLENBÖGEL.

France:

LOUIS ROLLIN

Greece:

R. RAPHAËL



Italy:  
 Mexico:  
 Norway:  
 The Netherlands (for the Kingdom in Europe and the Netherlands Indies):  
 Poland:  
 Roumania:  
 Switzerland:  
 Czechoslovakia:  
 Turkey:  
 Yugoslavia:  
 Certified true copy.

For the Secretary-General:  
 J. A. BUERO  
*Legal Adviser of the Secretariat.*

The treaty was reported to the Senate without amendment, ordered to a third reading, and read the third time.

The PRESIDENT pro tempore. The resolution of ratification will be read.

The resolution of ratification was read and agreed to, as follows:

*Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive J, Seventy-second Congress, first session, a multilateral convention for the regulation of whaling, signed at Geneva, March 31, 1932.*

#### UNITED STATES SHIPPING BOARD

The legislative clerk read the nomination of T. V. O'Connor, of New York, to be member, United States Shipping Board.

Mr. McNARY. In the absence of the Senator from New York and the Senator from Tennessee, I ask that that nomination go over, and also that the same order be made on the next call of the calendar.

The PRESIDENT pro tempore. The nomination will be passed over.

#### B. B. MONTGOMERY

The legislative clerk read the nomination of B. B. Montgomery to be United States marshal, northern district of Mississippi.

The PRESIDENT pro tempore. That nomination will be passed over on request.

#### ASSOCIATE JUSTICES, PHILIPPINE SUPREME COURT

The legislative clerk read the nomination of Carlos A. Imperial, of the Philippine Islands, to be associate justice, Supreme Court of the Philippine Islands.

The PRESIDENT pro tempore. The nomination just read and the one following it on the calendar, being Calendar No. 4675, will be passed over at the instance of the junior Senator from Utah [Mr. KING].

Mr. BINGHAM. Mr. President, did I understand the Chair to say that the junior Senator from Utah objected to the nominations of judges of the Philippine Supreme Court?

The PRESIDENT pro tempore. The junior Senator from Utah, being under the obligation to leave the Chamber, asked the Chair to request that the nominations of Philippine judges should go over.

Mr. BINGHAM. Mr. President, there is very great need for their prompt confirmation, in view of the fact that the next session of the court is about to be held, and there is no quorum present, and so the court is unable to function. I hope very much that in the very near future the nominations of these judges may be taken up, and that they may be confirmed.

The PRESIDENT pro tempore. The Senator from Oregon has announced that there will be another executive ses-

sion on Monday, and the Chair suggests to the Senator from Connecticut that he communicate with the Senator from Utah, and in the meantime—

Mr. BINGHAM. I shall not be able to be present at that time.

Mr. McNARY. I will say, Mr. President, that probably we can accommodate the Senator by having an executive session to-morrow afternoon.

Mr. HASTINGS. Mr. President, for the reason stated by the Senator from Connecticut, there was great pressure upon the Judiciary Committee to get these nominations before the Senate; they are unanimously recommended; and I was wondering whether it would be unusual to permit them to be voted upon, with the understanding that the Senator from Utah may move to reconsider if he should desire to do so?

The PRESIDENT pro tempore. The present occupant of the chair was merely acting in conformity with senatorial courtesy in saying that the junior Senator from Utah wished the nominations to go over, and the Chair will hold that they go over.

#### CECIL H. CLEGG

The legislative clerk read the nomination of Cecil H. Clegg, of Alaska, to be judge, district of Alaska, division No. 3.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### ROBERT E. MATTINGLY

The legislative clerk read the nomination of Robert E. Mattingly to be judge of the municipal court, District of Columbia.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### STERLING D. BENNETT

The legislative clerk read the nomination of Sterling D. Bennett to be United States attorney, eastern district of Texas.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### ARTHUR ROGERS

The legislative clerk read the nomination of Arthur Rogers to be United States marshal, western district of Tennessee.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### HENRY C. W. LAUBENHEIMER

The legislative clerk read the nomination of Henry C. W. Laubheimer to be United States marshal, northern district of Illinois.

Mr. LEWIS. Mr. President, my colleague [Mr. GLENN] is absent. I have been informed of objection on account of matters which have been introduced in connection with Mr. Laubheimer. May I be permitted to say that upon investigation—and I am able to speak both for my colleague and myself—the record shows the complete fitness and qualifications of Mr. Laubheimer, and I move the confirmation of his nomination.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### FEDERAL BOARD FOR VOCATIONAL EDUCATION

The legislative clerk read the nomination of Perry W. Reeves to be member, representative of labor, Federal Board for Vocational Education.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### UNITED STATES TARIFF COMMISSION

The Chief Clerk read the nomination of Edgar Bernard Brossard to be member, United States Tariff Commission.

Mr. COSTIGAN. Mr. President, I request that that nomination go over.

The PRESIDENT pro tempore. On request, the nomination will be passed over.

#### DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of George K. Donald to be secretary, Diplomatic Service.



The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Morris N. Hughes to be secretary, Diplomatic Service.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### PUBLIC HEALTH SERVICE

The legislative clerk read the nomination of John A. Hammer to be passed assistant dental surgeon, with grade of passed assistant surgeon.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Fritz R. Jackson to be passed assistant dental surgeon, with grade of passed assistant surgeon.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. ODDIE. Mr. President, I ask unanimous consent that nominations of postmasters on the calendar may be confirmed en bloc with the exception of Calendar No. 4722, Willard Gabhart, of Harrodsburg, Ky. The senior Senator from Kentucky has requested that that nomination be re-committed to the committee, and I make that request.

The PRESIDENT pro tempore. Without objection, with the exception of the nomination mentioned by the Senator from Nevada, all other post-office nominations on the calendar are confirmed en bloc, and the nomination referred to will be re-committed to the Committee on Post Offices and Post Roads.

#### THE ARMY

The legislative clerk proceeded to read the nominations of sundry officers in the Army.

Mr. McNARY. I move that the Army nominations may be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the nominations are confirmed en bloc.

#### THE NAVY

The legislative clerk proceeded to read the nominations of sundry officers in the Navy.

Mr. McNARY. I make the same request regarding the naval nominations.

The PRESIDENT pro tempore. Without objection, the nominations are confirmed en bloc. That completes the calendar.

The Senate resumed legislative session.

#### POSITION OF EX-PRESIDENT COOLIDGE ON WAR DEBTS

Mr. TOWNSEND. Mr. President, at the request of the Senator from West Virginia [Mr. HATFIELD], I ask unanimous consent to have inserted in the RECORD an article from the Journal of Commerce of June 10, entitled "Congress Indorses Coolidge in Holding Europe to War Debts."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CONGRESS INDORSES COOLIDGE IN HOLDING EUROPE TO WAR DEBT—"If we do not collect it," he says, "we must collect from taxpayer"—SENATORS, CONGRESSMEN SUPPORT EX-PRESIDENT—CURTIS, BORAH, WATSON, WAGNER, SMOOT, BINGHAM, SNELL, CRISP, ROBINSON OF INDIANA BACK STAND

By Clarence L. Linz

WASHINGTON, June 9.—Repayment of European war debts to the United States under the terms of existing funding agreements will be expected by Congress.

Such was the sentiment expressed by leading Members of both Houses commenting upon an article by former President Calvin Coolidge in the current issue of Cosmopolitan Magazine out tomorrow.

"The money we furnished we had to borrow," suggested Mr. Coolidge. "If we do not collect it from Europe, we must collect it from our own taxpayers."

Wrestling to-day with the problems incident to the balancing of the Budget, made intricate by manipulation of the Government economy measure, Senate leaders have shown some irritability over suggestions that Europe would not make anticipated interest and principal payments as they become due in December.

#### DEBT TIED TO BUDGET

The whole program of Budget balancing is predicated in part upon receipt of such payments from all war debtor countries that it may not be necessary to "collect it from our own taxpayers."

The Coolidge statement, giving opportunity for Members of Congress to express themselves on the subject of war debts, is seen as having an important effect upon both the attitude of the administration in that respect and in the drafting of the War Department plank by the Republican National Convention. Further it would appear to give assurance that Congress will decline to ratify any agreement that the President might undertake with foreign governments for extension of the life of the present moratorium.

It is recognized that there is a great deal of sentiment in the East and in certain sections of the Middle West favorable to further aid to Europe. Much has been said in Congress also that it was a foregone conclusion that foreign governments would repudiate their debts in some way or another. Nevertheless, the legislators, nearing the end of the session, tired and harassed by importuning constituents and lobbyists to do all sorts of things, plainly are out of patience with the talk of war debt revision, much less cancellation.

#### DEMOCRATS ARE PROVOKED

Democratic Members are rather provoked over the Alfred E. Smith proposal recently made that war debtors be forgiven a portion of their debt upon the consummation of purchases of American products in stated amounts. They look upon this as impracticable and undesirable.

The Government economy bill was sent to conference to-day in a form estimated to save only about \$120,000,000 at the outside, which is less than half of what President Hoover would like accomplished by this particular piece of legislation.

Reductions to be effected under Budget estimates for various Government activities also are likely to fall short of the goal.

The revenue revision law, just enacted, will not yield all of the additional funds originally hoped for.

To add to these deficits the loss of the whole or any part of the \$258,000,000 which will otherwise be paid by the war debtors in interest and principal, plus something like \$25,200,000 in an installment upon deferred payments of the present fiscal year, would further throw the Budget out of balance.

There are to be heard in Congress expressions of apprehension that President Hoover will act to aid European nations after Congress adjourns.

#### PRESSURE TALKED OF

There is declared to have been pressure brought to bear upon the Chief Executive and his advisers to make further representations to Congress. It is recalled that influential persons in private conferences, particularly one at the home here of former Secretary of the Treasury Mellon, had urged upon Mr. Hoover at the outset to seek a two or a three year moratorium, a proposal which Congress would not heed.

An unfortunate situation may arise in the event that leading debtor nations fail to make stated payments. It was related to-day by Representative CRISP, of Georgia, who has been acting as chairman of the House Ways and Means Committee during the illness of Chairman COLLIER, that foreign governments literally had to be forced into settling their debts by an implied threat of having proposed private loans discouraged.

While there is dislike on the part of certain leading Members of Congress, outstanding among whom is Senator CARTER GLASS (Democrat, Virginia), to State Department supervision of private loans to foreign nations, nevertheless, there is likelihood that such action would officially be fostered if foreign debtors fail to observe their obligations.

#### CURTIS AGAINST CANCELLATION

"I always have been against cancellation of the war debts," asserted Vice President CURTIS. "I have repeatedly held that the war debts should be repaid."

Senator BORAH, chairman of the Foreign Relations Committee, is very positive and outspoken in his views.

"The key to the European situation, good or bad, is the reparations proposition," asserted BORAH. "If Europe can not solve the reparations problem it is useless to talk to the American taxpayer about aiding Europe by canceling the debts, or to the American banker about aiding Europe by loaning it more money."

"Who said cancellation?" inquired Senate Republican Floor Leader WATSON. "The way for scaling down the debts is for them to pay them down."

"I am not a recent convert in opposition to the cancellation of the war debts," suggested Senator REED SMOOT, chairman of the Senate Finance Committee. "I have been opposed to that from the very beginning."

#### WAGNER INDORSES COOLIDGE

"Standing by itself it is a very sound, logical statement," asserted Senator WAGNER (Democrat, New York).

"The statements of Mr. Coolidge are sound, New England common sense—exactly the kind you would expect from him," commented Senator BINGHAM (Republican, Connecticut). "I particularly like his expression that if we want to go into the subsidy business we can form concerns of our own and find governments outside of Europe where we could make the operation much more profitable."



"Mr. Coolidge is right," concluded Representative SNELL, House Republican floor leader. "I am unalterably opposed to any reduction, cancellation, or war-debt moratorium."

"I, too, am in accord with former President Coolidge," said Representative CRISP, who was a member of the World War Foreign Debt Commission which negotiated the funding agreements. "Foreign nations easily can make these payments."

"These nations were entirely content to pay the debt, with interest, at the time they contracted for the money," suggested Senator ROBINSON (Republican, Indiana). "Mr. Coolidge is very conservative—they not only were willing to accept the obligation for payment but insisted upon it as a right."

## RECESS

Mr. McNARY. I move that the Senate take a recess until to-morrow morning at 11 o'clock.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Oregon.

The motion was agreed to; and (at 6 o'clock and 26 minutes p. m.) the Senate took a recess until to-morrow, Saturday, June 11, 1932, at 11 o'clock a. m.

## CONFIRMATIONS

*Executive nominations confirmed by the Senate June 10 (legislative day of June 8), 1932*

## SECRETARIES IN THE DIPLOMATIC SERVICE

George K. Donald to be secretary in the Diplomatic Service.

Morris N. Hughes to be secretary in the Diplomatic Service.

## DISTRICT JUDGE, DISTRICT OF ALASKA

Cecil H. Clegg to be district judge, district of Alaska, division No. 3.

## JUDGE OF THE MUNICIPAL COURT, DISTRICT OF COLUMBIA

Robert E. Mattingly to be judge of the municipal court, District of Columbia.

## UNITED STATES ATTORNEY

Sterling D. Bennett to be United States attorney, eastern district of Texas.

## UNITED STATES MARSHALS

Arthur Rogers to be United States marshal, western district of Tennessee.

Henry C. W. Laubenthal to be United States marshal, northern district of Illinois.

## MEMBER OF THE FEDERAL BOARD FOR VOCATIONAL EDUCATION

Perry W. Reeves to be a member of the Federal Board for Vocational Education, representative of labor.

## PUBLIC HEALTH SERVICE

John A. Hammer to be passed assistant dental surgeon.

Fritz R. Jackson to be passed assistant dental surgeon.

## APPOINTMENT BY TRANSFER IN THE REGULAR ARMY

Capt. Raymond William Bryant to Quartermaster Corps.

## APPOINTMENT BY PROMOTION IN THE REGULAR ARMY

Carl Weston Pyle to be captain, Air Corps.

Noble Theodore Haakensen to be first lieutenant, Coast Artillery Corps.

Chester Raymond Haig to be lieutenant colonel, Medical Corps.

William Eugene Hall to be lieutenant colonel, Medical Corps.

Hew Bernard McMurdo to be lieutenant colonel, Medical Corps.

Thomas Ward Burnett to be lieutenant colonel, Medical Corps.

Robert Morris Hardaway to be lieutenant colonel, Medical Corps.

Thomas Ewing Scott to be lieutenant colonel, Medical Corps.

Thomas Everett Harwood, jr., to be lieutenant colonel, Medical Corps.

Philip Barry Connolly to be lieutenant colonel, Medical Corps.

Samuel Jay Turnbull to be lieutenant colonel, Medical Corps.

John Cocke to be colonel, Cavalry.

Henry Wallace Hall to be lieutenant colonel, Cavalry.

William Francis Heavey to be major, Corps of Engineers.

Homer Barron Chandler to be captain, Air Corps.

Oliver Wolcott van den Berg to be first lieutenant, Field Artillery.

Ralph Eugene Rumbold to be first lieutenant, Infantry.

Michael Andrew Dailey to be lieutenant colonel, Medical Corps.

John George Ingold to be lieutenant colonel, Medical Corps.

Alvin Charles Miller to be lieutenant colonel, Medical Corps.

William Archer Squires to be lieutenant colonel, Dental Corps.

Arnett Percy Matthews to be lieutenant colonel, Dental Corps.

John William Scovel to be lieutenant colonel, Dental Corps.

## PROMOTIONS IN THE REGULAR ARMY

William Henry Menges to be colonel, Finance Department.

John Hutchison Hester to be lieutenant colonel, Infantry.

Franklin Langley Whitley to be lieutenant colonel, The Adjutant General's Department.

Alfred Harold Hobley to be lieutenant colonel, Air Corps.

Elmer Cuthbert Desobry to be lieutenant colonel, Infantry.

Robert Marks Bathurst to be major, Field Artillery.

Daniel Noce to be major, Corps of Engineers.

Willis Edward Teale to be major, Corps of Engineers (subject to examination required by law).

Clark Kittrell to be major, Corps of Engineers.

Charles Everett Hurd to be major, Field Artillery.

William Day to be captain, Quartermaster Corps.

Frederick Eugene Coyne, jr., to be captain, Finance Department.

John Myers McCulloch to be captain, Air Corps.

Richard Kemp Le Brou to be captain, Air Corps.

Charles Wesley Sullivan to be captain, Air Corps.

Paul Harter Leech to be captain, Quartermaster Corps.

Paul Arthur Ridge to be first lieutenant, Cavalry.

James William Andrew to be first lieutenant, Air Corps.

Charles Arthur Ross to be first lieutenant, Air Corps.

George J. Eppright to be first lieutenant, Air Corps.

Frank Dunne Klein to be first lieutenant, Air Corps.

William Vance Davis to be first lieutenant, Coast Artillery Corps.

William Crawford D. Bridges to be first lieutenant, Corps of Engineers.

John Wesley Sherwood to be lieutenant colonel, Medical Corps.

Guy Logan Qualls to be lieutenant colonel, Medical Corps.

James Ernest Baylis to be lieutenant colonel, Medical Corps.

Douglas Wiltz McEnery to be lieutenant colonel, Medical Corps.

John William Meehan to be lieutenant colonel, Medical Corps.

Charles Moore Walson to be lieutenant colonel, Medical Corps.

## REAPPOINTMENTS IN THE OFFICERS' RESERVE CORPS

## GENERAL OFFICERS

Clinton Goodloe Edgar to be brigadier general, Auxiliary Reserve.

George Edmund de Schweinitz to be brigadier general, Auxiliary Reserve.

## APPOINTMENTS BY TRANSFER

Lieut. Col. Emmet Roland Harris to Finance Department.

Second Lieut. Joe Clifton East to Coast Artillery Corps.

## PROMOTION IN THE PHILIPPINE SCOUTS

Herbert Lee Merritt to be captain, Philippine Scouts.

## PROMOTIONS IN THE NAVY

## To be commanders

Morton L. Deyo.

Harry G. Patrick.

Alfred E. Montgomery.



*To be lieutenant commanders*

Albert R. Myers.  
Francis R. McDonnell.

*To be lieutenants*

John W. Price, jr.  
Robert M. Morris.  
Wells L. Field.  
Harry A. Dunn, jr.

*To be medical inspector*

Charles S. Stephenson.

*To be surgeon*

Howell C. Johnston.

## POSTMASTERS

## ALABAMA

Hugh H. Dale, Camden.  
Odies M. Carr, Dawson.  
Harry E. Marshall, Orrville.

## ARKANSAS

Glaucus P. Russell, Grady.  
Henry A. Parker, Murfreesboro.

## COLORADO

Erick F. Sutherland, Silverton.

## FLORIDA

Clara D. Wheeler, Seffner.

## GEORGIA

Pleasant N. Little, Madison.  
Ella M. Withrow, Odum.  
Edgar H. Lawson, Sandersville.  
Lurline M. Overstreet, Sylvania.  
William R. Chapman, Crawfordsville.  
Thomas M. Goodrum, Newnan.

## ILLINOIS

August Kalbitz, Red Bud.  
Ira D. Lakin, Vandalia.

## INDIANA

Kenneth L. Cox, Darlington.  
Orval O. Brown, Ewing.  
Gladys M. Douthett, Highland.

## IOWA

Della J. Riordan, Correctionville.  
Calvin C. Knoll, Gilmore City.  
Frederick J. Okell, Lewis.  
Pearl M. Kraft, Melvin.  
Robert E. Hill, Oxford Junction.

## KANSAS

Luella Meredith, Hill City.  
Elizabeth C. Bittmann, Independence.  
Susie J. Gibbons, St. Paul.

## KENTUCKY

George C. Cross, Louisville.  
Myra B. Grimes, Millersburg.

## LOUISIANA

Nettie Sojourner, Amite.

## MARYLAND

Harry M. Carroll, Federalsburg.  
Herbert R. Butts, Marydel.

## MASSACHUSETTS

Alphonse E. Roberts, Chicopee Falls.  
Maynard D. Ellis, Woronoco.

## MICHIGAN

Hugh S. Dodge, Comstock Park.  
Joseph W. Greenhalgh, Pontiac.

## MINNESOTA

Herbert T. Behm, Lake Lillian.  
Henry E. Day, Raymond.

## MISSISSIPPI

Mamie Z. Lewis, Fayette.  
Albert P. Wilson, Monticello.

Louie D. Minter, Piave.  
Fred H. Grimes, Tupelo.

## MISSOURI

William L. Simmerman, Centerview.  
Hilles R. Leslie, Memphis.  
John B. Chipp, New Hampton.  
Herbert Burfeind, Sweet Springs.

## NEBRASKA

Sterling C. Lathen, Grand Island.

## NEVADA

John G. Eaby, Kimberly.

## NEW HAMPSHIRE

Thomas H. Dearborn, Dover.  
Charles F. Southard, North Haverhill.

## NEW JERSEY

Abram R. Bates, Allentown.  
Alfred H. Grant, Forked River.

## NEW YORK

Volney P. Hyde, La Fargeville.

## NORTH DAKOTA

Nelson M. Chamberlain, Page.  
Albert F. Harris, Reeder.

## OKLAHOMA

Otto S. Alfred, Boynton.  
Aaron Drumright, Drumright.  
Opal M. Ham, Jennings.  
Jeane H. Sisson, Mounds.

## OREGON

George B. Bourhill, Moro.  
James B. Kirk, The Dalles.

## PENNSYLVANIA

David E. Trone, Clarendon.  
Harry C. Best, Enon Valley.  
Christian A. Jansen, Essington.  
Dewey W. Sechler, Fairchance.  
John A. Keck, Greenville.  
Warren F. Simrell, Hallstead.  
William H. Law, Koppel.  
Claude W. Keiser, Lykens.  
Bernard E. Stansfield, Mechanicsburg.  
Stanley L. Campbell, New Albany.  
Lake S. MacNab, New Castle.  
Naomi G. Hazell, Norwood Station.  
John W. Snedden, Oil City.  
Homer D. Sarge, Pine Grove.  
William E. Brooks, Ridley Park.  
Homer B. Asheld, Tunkhannock.  
Leroy W. Keisling, Valley View.

## RHODE ISLAND

Thomas D. Goldrick, Pascoag.

## SOUTH CAROLINA

Wauila E. Westbrook, Blacksburg.  
Washington M. Ritter, Cope.  
John A. Chase, Florence.  
Thomas B. Horton, Heath Springs.  
Mamie C. Spears, Lamar.  
Harry E. Wessinger, Lexington.  
James D. Mackintosh, McClellanville.  
Sarah C. Starnes, Ridgeway.  
William B. Tarkington, St. George.  
John W. Geraty, Yorges Island.

## SOUTH DAKOTA

Della Reue, Leola.  
Albert Koehne, Oldham.  
John A. Hawkins, Waubay.

## TEXAS

William H. Craddock, Cisco.  
Buford E. Robertson, Gilmer.  
Harvey B. Savage, Honey Grove.  
Vivian A. Long, Naples.



Clara Sitton, Pyote.  
 Thomas J. Darling, Temple.  
 Herbert W. Scott, Throckmorton.  
 Chester L. Lewis, Wheeler.

## WEST VIRGINIA

Michael H. Duncan, Crumpler.  
 Charlie F. Baldwin, Madison.

## WISCONSIN

John A. Dickerson, Edgerton.  
 Frank F. Delventhal, Peshtigo.  
 Clarence A. Loescher, Menasha.

## WYOMING

William L. Wallace, Rawlins.

## HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 10, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Most Merciful God, just now our first thought is of Thy fatherhood; the second is of the far-reaching brotherhood to which we belong. We pray Thee to regard and bless these relationships. Increase the power of our faith, our hope, and our sympathy as they move toward our fellow men. Do Thou more and more incline us to hold up one another, pitying one another and helping one another. O may we do most for those who need us most. We thank Thee that Thou hast determined by Thy great heart of love that man should not earn his bread by the breaking of his heart. O God, lead us in some way to follow this Divine purpose. As this is Thy will, it is destined to survive the disturbances of time, ever responding to the worth of man. At Thy mercy seat, our Father, we breathe this prayer in the blessed name of the world's Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 11337. An act authorizing the Secretary of the Treasury to exchange the Federal building site in Dover, N. J., for another site.

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 11897. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7912) entitled "An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes."

## MATERIALISM AND SPIRITUALITY

Mr. BOLAND. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and include the commencement address delivered by the Resident Commissioner from the Philippines, Mr. CAMILO OSLAS, at the Waverly High School, Waverly, Pa., on June 3, 1932. This is a school situated in one of the cities of my congressional district.

The SPEAKER. Is there objection?

There was no objection.

The address is as follows:

Once while a supervising teacher in the Philippine Bureau of Education I was traveling on horseback one night from my official station, Bacnotan, La Union, to my home town, Balaoan. On the way there was a river named Darigayo which I had to cross by means of a bamboo raft. It had been raining that afternoon. The stream was swollen and the current was rather swift. The men in charge, whom we call balceros, informed me that it was

dangerous just then to attempt to go across. I, therefore, tarried for a few hours awaiting the stream to subside.

While chatting with the men I saw fire at a distance at the foot of the mountains in the east. I asked one of them, "Where is that fire?"

He answered, "That's at the barrio, or village, called 'Cabalitocan.'"

Now, balitoc in my language means gold and "Cabalitocan" means a place where gold abounds. So I inquired, "Why is it called 'Cabalitocan'?" And the man related the following legend:

Once upon a time there was a man who went fishing on the river in his little banca, or canoe. For hours and deep into the night he worked, but he did not have any luck catching fish and he was disappointed to have not a single fish in his fish basket. Paddling his banca in the darkness of the night, however, he saw something glittering along the bank. He went for the object and to his surprise he found it was a piece of gold about the size of a grain of rice. Full of glee he took the precious metal and thanked his stars, for he knew it was worth more than any fish he could have caught.

He then and there decided to go home. As he glided along he saw not far away another shining object on the bank, and thinking it might be another piece of gold he paddled his banca toward it. He picked it up and found that it was, indeed, a piece of gold the size of a guava fruit. So elated was he at finding a larger piece that he threw into the river the first piece he had.

Proceeding along he again saw not far away a still larger piece, which was shining and bright. This time it was about the size of a coconut. He took this one and threw away what he had.

Hurrying homeward he again saw a still larger piece. Not doubting that it was gold, he threw away what he had and hastened to pick up the great big piece of metal about the size of a mortar. To his dismay he found it so heavy that he could not move it an inch.

Remembering the pieces he had previously thrown away, he retraced his steps, as it were, to look for them, but to his disappointment none did he find, and when he returned to look for the large piece of gold, it, too, could not be located.

That tale has remained indelibly in my mind. The more I think of it the more clearly I see the great moral lesson it teaches, which in times like these we would do well to bear in mind and heed.

This simple legend shows that although the material in life has its place, it is never wholly satisfying. It reaffirms the truth illustrated in the renowned story of King Midas, who, in quest of what he thought was the greatest thing in the world, was given the power to turn into gold whatever he touched, a power which he later had occasion to regret, because the child he so dearly loved was also turned into gold in his clutches as he held her in a fond embrace.

Let me state that I recognize the worth of the material, the practical, the economic in earthly life, yet I cling steadfastly to the belief that the idealistic, the moral, the spiritual constitute in the last analysis the really elemental, satisfying, and permanent. The material is temporal; the spiritual is elemental. Materialism is founded upon things that perish; the spiritual has an immortal basis.

Shortsighted are they who permit their better nature to be obscured by their worship of the material. The farsighted are those who, seeing the things that are, can project themselves into the realm of the imponderables and discover, through the maze of things immediate, the image of what they conceive to be the eternal verities of which spirituality is the embodiment.

Your schooling so far has enabled you to catch a glimpse of the real on earth through the agency of the common subjects. Your taste of a little science may have led you to the conclusion that only the physical is what is real, but, school man that I am myself, I have no hesitation to affirm that spirituality is the true reality.

The youth of the present study various texts and read several references, but I wonder if they grasp and assimilate their contents. I fear that in the face of the avalanche of so much printed matter they fail properly to separate the grain from the chaff and get a warped view of things. I fear they are neglecting the beautiful depicted in classical literature and the great truths embodied in the Book of Books: "What shall it profit a man if he shall gain the whole world and lose his own soul?"

Life in the present workaday world tends altogether too much to the immediate, the obvious, the material. To many of the youth, indeed, materialism has become a god. This can not but sadden the hearts of your elders who wish you well. Ask any of them and, if he be a true guardian of your best interests, he would in his best moments tell you that above the things earthly are the things heavenly; that within what is obvious and tangible in ourselves is the invisible and the intangible which we call a soul or a spirit.

It is this soul that is life. It is this spirit that is real. Only if this reality in ourselves is attuned to the greater soul or the greater spirit may it be said that we are in truth and in fact genuinely educated.

A common criticism against the existing institutions of learning is that they are academic and impractical. Ordinarily, it is meant by this that they are not sufficiently effective in preparing young men and young women for practical life. Practical life in turn is narrowly interpreted, and is made synonymous with the chase of the dollar. The dollar is used as the criterion of success. It is the yardstick by which achievement is gaged. Only he who succeeds in amassing material wealth is adjudged successful. A premium is placed upon material mindedness. This way lies the road to perdition.